

1 HONG KONG LEGISLATIVE COUNCIL -- 2 November 1989

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OFFICIAL REPORT OF PROCEEDINGS

Thursday, 2 November 1989

The Council met at half-past Two o'clock

PRESENT

HIS EXCELLENCY THE GOVERNOR (PRESIDENT)
SIR DAVID CLIVE WILSON, K.C.M.G.

THE CHIEF SECRETARY
THE HONOURABLE SIR DAVID ROBERT FORD, K.B.E., L.V.O., J.P.

THE FINANCIAL SECRETARY
THE HONOURABLE SIR PIERS JACOBS, K.B.E., J.P.

THE ATTORNEY GENERAL
THE HONOURABLE JEREMY FELL MATHEWS, C.M.G., J.P.

THE HONOURABLE ALLEN LEE PENG-FEI, C.B.E., J.P.

THE HONOURABLE DONALD LIAO POON-HUAI, C.B.E., J.P.
SECRETARY FOR HOME AFFAIRS

THE HONOURABLE STEPHEN CHEONG KAM-CHUEN, C.B.E., J.P.

THE HONOURABLE CHEUNG YAN-LUNG, O.B.E., J.P.

THE HONOURABLE MRS. SELINA CHOW LIANG SHUK-YEE, O.B.E., J.P.

THE HONOURABLE MARIA TAM WAI-CHU, C.B.E., J.P.

THE HONOURABLE CHAN YING-LUN, O.B.E., J.P.

THE HONOURABLE MRS. RITA FAN HSU LAI-TAI, O.B.E., J.P.

THE HONOURABLE CHENG HON-KWAN, J.P.

THE HONOURABLE CHUNG PUI-LAM, J.P.

THE HONOURABLE HO SAI-CHU, M.B.E., J.P.

THE HONOURABLE HUI YIN-FAT, O.B.E., J.P.

THE HONOURABLE MARTIN LEE CHU-MING, Q.C., J.P.

THE HONOURABLE DAVID LI KWOK-PO, J.P.

THE HONOURABLE NGAI SHIU-KIT, O.B.E., J.P.

THE HONOURABLE POON CHI-FAI, J.P.

PROF. THE HONOURABLE POON CHUNG-KWONG, J.P.

THE HONOURABLE SZETO WAH

THE HONOURABLE TAI CHIN-WAH, J.P.

THE HONOURABLE MRS. ROSANNA TAM WONG YICK-MING, J.P.

THE HONOURABLE TAM YIU-CHUNG

DR. THE HONOURABLE DANIEL TSE, O.B.E., J.P.

THE HONOURABLE ANDREW WONG WANG-FAT, J.P.

THE HONOURABLE LAU WONG-FAT, M.B.E., J.P.

THE HONOURABLE GRAHAM BARNES, C.B.E., J.P.
SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS

THE HONOURABLE MICHAEL LEUNG MAN-KIN, J.P.
SECRETARY FOR TRANSPORT

THE HONOURABLE EDWARD HO SING-TIN, J.P.

THE HONOURABLE GEOFFREY THOMAS BARNES, C.B.E., J.P.
SECRETARY FOR SECURITY

THE HONOURABLE CHAU TAK-HAY, J.P.
SECRETARY FOR HEALTH AND WELFARE

THE HONOURABLE RONALD JOSEPH ARCULLI, J.P.

THE HONOURABLE MARTIN GILBERT BARROW, O.B.E.

THE HONOURABLE PAUL CHENG MING-FUN

THE HONOURABLE MICHAEL CHENG TAK-KIN, J.P.

THE HONOURABLE DAVID CHEUNG CHI-KONG, J.P.

THE HONOURABLE RONALD CHOW MEI-TAK

THE HONOURABLE MRS. NELLIE FONG WONG KUT-MAN, J.P.

THE HONOURABLE MRS. PEGGY LAM, M.B.E., J.P.

THE HONOURABLE DANIEL LAM WAI-KEUNG, J.P.

THE HONOURABLE MRS. MIRIAM LAU KIN-YEE

THE HONOURABLE LAU WAH-SUM, J.P.

DR. THE HONOURABLE LEONG CHE-HUNG

THE HONOURABLE LEUNG WAI-TUNG, J.P.

THE HONOURABLE JAMES DAVID McGREGOR, O.B.E., I.S.O., J.P.

THE HONOURABLE KINGSLEY SIT HO-YIN

THE HONOURABLE MRS. SO CHAU YIM-PING, J.P.

THE HONOURABLE JAMES TIEN PEI-CHUN, J.P.

THE HONOURABLE MRS. ELSIE TU, C.B.E.

THE HONOURABLE PETER WONG HONG-YUEN, J.P.

THE HONOURABLE YEUNG KAI-YIN, J.P.
SECRETARY FOR EDUCATION AND MANPOWER

THE HONOURABLE MRS. ANSON CHAN, J.P.
SECRETARY FOR ECONOMIC SERVICES

ABSENT

DR. THE HONOURABLE HENRIETTA IP MAN-HING, O.B.E., J.P.

THE HONOURABLE PETER POON WING-CHEUNG, O.B.E., J.P.

THE HONOURABLE PANG CHUN-HOI, M.B.E.

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MR. LAW KAM-SANG

Member's Motion

MOTION OF THANKS

Resumption of debate on motion which was moved on 1 November 1989

MR. LAU WONG-FAT (in Cantonese): Sir, at the time when you delivered this year's policy address, Hong Kong was troubled by some serious problems. By this, I refer to the increasingly strained Sino-British relations and the growing tension between China and Hong Kong after the June 4 incident. The situation has aroused great anxiety among the people of Hong Kong.

Following the signing of the Sino-British Joint Declaration, both signatory governments undertook to strive for the smooth and steady transition of Hong Kong and the full implementation of the Joint Declaration. It is obvious that the fulfillment of this undertaking relies on the sincere co-operation between China and Britain. A friendly bilateral relationship is indeed a basic condition for promoting co-operation. For the benefit of Hong Kong, both the Chinese and British Government should try to iron out their differences in a cool-headed and pragmatic manner. It is also to the common interest of both countries to adopt such an approach.

Should the Sino-British and China-Hong Kong relations remain strained as they are or even continue to go sour, it is highly probable that another confidence crisis might emerge in Hong Kong, thus affecting its stability and prosperity. Recently, China and Hong Kong reached an understanding and agreed to reinstate the previous repatriation arrangement for illegal immigrants. This is indeed a promising gesture to begin with and would certainly help improve mutual relations between both sides. Even during the difficult period between 1982 and 1984 when China and Britain were faced with the complex and prickling "Hong Kong" issue, the two countries were able to come up with an agreement through talks and negotiations. Hence, they should also be able to sort out their present problems and differences provided they have the sincerity and the will to reach the common goal of maintaining stability and prosperity in Hong Kong.

The most spectacular part of this year's policy address lies in its depiction of an ambitious blueprint for the future infrastructural development in Hong Kong.

It presents a grand vision of a better future for the Hong Kong people. The plan to construct a new airport in Chek Lap Kok is especially encouraging. Sir, your timely announcement of such massive investment in future while Hong Kong is experiencing a difficult time bears an exceptionally positive meaning.

According to the published plan, it appears that Hong Kong's future major infrastructural developments including the new airport, port facilities and road network will be concentrated on the western part of the territory. The scale and capacity of all these infrastructural facilities are extremely enormous.

A large number of the above-mentioned facilities are scheduled for completion within 10 years, including the new airport and its associated road network which would need to be ready for use by early 1997. In terms of scale and complexity of these projects, we do not seem to have too much time on hand for construction. Besides, the need to program these facilities so that they may complement one another makes the work of planning, co-ordinating, organizing and monitoring all the more important. The suggestion of setting up an Airport Authority and a Port Development Board to deal with relevant matters is undoubtedly a very good idea. Our previous experience, however, reminds us that massive infrastructural projects in the past often had an impact on the environment and ecology, the quality of life of the nearby residents and the inherent economic activities, and that the ways in dealing with these problems were often irrational and unsatisfactory. I sincerely hope that the Administration will conduct a review promptly to ensure that due regard will be given to problems of this kind and adequate consultation be carried out when the future plan to develop an airport, port facilities, and their associated transport network is implemented. In this respect, I believe the various OMELCO panels and the advisory bodies at district level should be able to play a significant role.

Regarding the financing of these mammoth infrastructural projects, I think the Administration should show more initiative in encouraging the involvement of local, Chinese and foreign investors. In this way, we will be able to find more financial resources for the projects, while at the same time boost the confidence of the Hong Kong people and overseas investors in the future of Hong Kong.

Sir, as you pointed out in your policy address, 46% of our population will be residing in the New Territories by the end of next decade. Hence, it is my opinion that in carrying out the plan to construct the new airport and develop our port facilities, the Government should expedite the development of infrastructural

facilities and, in particular, the transport network in the New Territories to cope with the demand generated by the population shift.

Judging from the pace of development in the new towns, the north-western part of the New Territories, including Yuen Long and Tuen Mun, will become the major area that attracts population growth in the coming few years. Since the locations of the new airport and the proposed port facilities have now been set on the western side of the territory, the development potential of the north-western part of the New Territories will greatly improve. Under these circumstances, the need to improve the traffic and transport network linking these districts to the urban areas becomes even more pressing.

At present, external transport from Tuen Mun and Yuen Long relies heavily on Tuen Mun Highway. However, with the rapid growth of population and land transport demands of the container-carriers in recent years, the capacity of Tuen Mun Highway is almost stretched to its limit. As a matter of fact, Tuen Mun Highway is frequently congested. In case of a serious traffic accident, traffic along the whole length of this highway would come to a standstill and remain held up for long hours. Residents in the district therefore find it most inconvenient.

It has always been the hope of the residents in this district that some government actions will be taken to alleviate the traffic congestion there by speeding up the construction of a railway link between the north-western part of the New Territories and the urban areas and the construction of Route 3 connecting Yuen Long with Tsuen Wan. Yet these proposed projects are still under deliberation. I would like to appeal to the Administration to learn from its blunders by paying special attention to the seriousness of this problem and making a prompt decision on the proposed projects.

The railway system now plays a very important role in providing transport services to various new towns such as Sha Tin, Tai Po, Fan Ling and Sheung Shui. It is hard to imagine what the situation would be like in these places without the railway service. Similarly, given the rate of population growth in the north-western New Territories, if no external railway service is provided in the area within the next few years, the situation is expected to deteriorate beyond imagination.

Furthermore, as the western part of the New Territories is favourably located with the back-up of an excellent port, the Government should consider taking positive steps to develop seaborne links between this area, the urban area and the new airport

to cater for the transport needs of the residents and tourists. I look forward to seeing some encouraging decisions in this regard in the White Paper on Transport Policy to be published next year.

On the other hand, the Government has earlier on unveiled the Rural Planning and Improvement Strategy. Its consultation exercise has also been completed. Residents in the New Territories are now earnestly waiting for an early announcement and full implementation of the specific plans in this respect by the Government.

Moreover, I fully support the point the Honourable Andrew WONG made in his speech yesterday that development of agriculture and fisheries had been overlooked in this year's policy address. In fact, the agriculture and fisheries industry has all along contributed to and had its value in the territory's economic development. I therefore consider that the Government should show its concern by offering assistance to the development of the industry. A review on the existing policy should perhaps be conducted.

Sir, I rarely touch on educational matters as I would normally leave these issues to the experts among my colleagues. With the release of your policy address, I feel the need to express some views on education.

First of all, I must congratulate the Government on its awareness of the need to increase the number of tertiary places. With the available resources in Hong Kong, it is impossible to expand indefinitely and drastically the number of tertiary places. Nor is such an expansion scheme possible to cover all courses. At present some overseas universities offer a number of courses by distance learning. They even organize such courses in co-operation with local tertiary institutions. There are three merits in this approach. It makes use of the best teaching experience overseas; spares the need for students to leave Hong Kong; and, at the same time, enables local institutions to make the best contribution with their specialities. I sincerely recommend this learning approach to the tertiary sector in Hong Kong.

Secondly, I think the quality of teaching outweighs the importance of increasing tertiary places. Hence, we should not require local tertiary institutions to overexpand, thereby making it impossible for them to upkeep their quality of teaching and good reputations.

Furthermore, with the growing population of youth in the western New Territories

and the absence of tertiary institutions in that area, those who are eligible for tertiary education in this part of the territory are required to spend two to three hours daily in commuting to Kowloon or other districts to attend their classes. They have to suffer the hardship of extensive travelling in order to take their courses. There is an abundant supply of land in the western New Territories for development. In addition, our booming industries would welcome the opportunities of establishing some links with the tertiary institutions. I hope the Administration will seriously consider setting up tertiary education facilities in the western New Territories so as to remedy the present situation of uneven distribution of tertiary education facilities in Hong Kong.

Sir, with these remarks, I support the motion.

MR. EDWARD HO: Sir, in your Vision of the Future, you looked back 10 years to see how much Hong Kong has accomplished. That prompted me to delve back to a much earlier time. I found that on 16 March 1949, the then Governor, Sir Alexander GRANTHAM, in his Governor's address to the Legislative Council, said these words:

"Since the reoccupation every year has been better than the preceding one, but what of the future? That indeed is uncertain. We can hope for continued trade and prosperity but we must not be surprised if that does not come about. It is not as if trading conditions were made by us in Hong Kong. They depend on innumerable factors in other countries, and especially in China. At this juncture, he would be a rash man who would predict what the state of China will be in a year from now."

Many events have happened in China since then, but one fact remains: the fate of Hong Kong is deeply intertwined with what happens in China. What happened in June of this year shook the people of Hong Kong like an earthquake; except that what we have lost is not life and property, but something even more vital: our confidence in our future and in ourselves.

It is therefore fitting, Sir, that your policy address this year indicated that you felt keenly, as the rest of us, the urgent need to rebuild confidence: confidence in ourselves and confidence of the international business community in us. Unlike previous addresses by the Governor which tended only to review the year before, and project the year ahead, this year's address covered a wider time span forward, and has in it a central theme: "Building for the Future".

These plans, in education and in physical infrastructure, proposed by Government in building Hong Kong for the future are many and ambitious. Unprecedented in scale, they are remarkable in that they will have to be planned contemporaneously. A substantial portion of these plans will be completed during the transitional period up to 1997, whilst it is envisaged that the plans will continue after 1997.

These plans, which will benefit the people of Hong Kong for many years after the establishment of the Hong Kong Special Administrative Region, will draw on Hong Kong's financial and human resources to an extent not experienced before. Sir, as you pointed out, it will mean that public spending on other areas will have to be restrained. In an era when there are increasing demands from members of the community on enhanced social programmes and environmental improvements, it is extremely important that the Government will be judicious in its judgement and firm in its resolve to formulate policies that are for the common good and for the long-term benefits. It is equally important that the basis of these policies which may not be popular to all sectors should be made widely understood by the community.

Education

Based on the limited demographic profiles of those who have emigrated from Hong Kong in the past few years, it is painfully evident that the "brain drain" problem was not only in quantity but, more critically, in quality. Whilst only 5.5% of our population belong to the professional, technical, managerial and administrative sector, some 24% of those who emigrated were from this sector.

Thus, I welcome the Government's proposal to expand the provision of first-year, first-degree places from 7 000 next year to about 15 000 in 1995, without decreasing sub-degree places.

Since first-degree places would be available to a much larger number of students, we will see a shift of emphasis in offering higher education to only the academically elite students to one of more universal availability. Whilst I do not necessarily disagree with this concept, the reality is that standards will be affected at least in the short term. This is the same kind of problem that was experienced when mandatory nine-year schooling was first introduced. In fact, the quality of secondary and sub-degree education still requires continued efforts for improvement.

In expanding our education opportunities, it is my fervent hope that we should not overlook the importance in providing the environment to nurture and develop to the limit those students who are outstanding. We should endeavour to preserve and enhance the traditional and distinctive characters of different established educational institutions.

The Government must also address the potential problem in recruiting suitably qualified teaching staff in the tertiary educational institutions to cope with the expansion in student population. The extent of this problem will vary between the existing institutions, especially those other than the two universities, due to their different historical backgrounds. Hence, the conversion in the ratio of degree and sub-degree places should be applied flexibly according to the capability of the individual institution.

In order to attract suitably qualified teaching staff without causing undesirable staff movements between the institutions, the two polytechnics and the Baptist College should be accorded the same status as the universities, and should be renamed to reflect that status. Teaching staff in these institutions should enjoy the same compensation and benefits as their counterparts in the universities, commensurate with their academic qualifications and responsibilities.

As an alternative and possibly in addition to a rapid increase of first-degree places which would jeopardize standards and would in any case require heavier government spending, Government should also consider the provision of more scholarships and grants for students to study overseas on condition that they will return to Hong Kong to work for a given number of years after graduation.

Expansion of first-year, first-degree places in 1995 will benefit Hong Kong in the long term. But since these graduates will not contribute their effort to our economy until after 1998, they will not be in time to fill the vacuum of professional and managerial resources that is already affecting our economy, and may become much more acute in the run-up to 1997. This is one aspect that has not been adequately covered in your address, Sir.

During the coming few years, solutions would have to be found so that those young people already in employment would have the opportunities to receive on-the-job training and further education so that they can be equipped to occupy more responsible positions left vacant by those who have emigrated. Tax incentives to employers who

provide such opportunities should be considered.

Although we may be able to provide better education to more people in the years to come, the pool of human resources is limited in terms of absolute number, due to emigration and the trend towards smaller-sized families.

If the "brain drain" problem were to deteriorate, Government may have to examine its localization policy in some departments. Another aspect is that it is well-known that the Civil Service, with the exception of top ranking officials and some special professional officers, enjoy more attractive overall compensation package generally and certainly more security than those in the private sector. It will be regrettable if the Civil Service were to be built up at the expense of the private sector. The answer is in limiting the growth of the Civil Service and to privatize the offering of services wherever possible.

In addition, Hong Kong must place greater emphasis on automation, mechanization, higher value-added products and more advanced technologies and less on labour-intensive industrial processes.

Building up of the infrastructure

Sir, your announcement of the decision by Government to build a new Hong Kong International Airport and to dramatically expand the port facilities has been widely expected and acclaimed by our community. I certainly agree with your belief that we cannot afford not to make that commitment. Hong Kong's future lies with its continuing success as an international city with a vibrant economy. Investments on our physical infrastructure are investments on our future.

I do not propose to comment on the planning aspects of the physical infrastructural development as no detail has yet been made available. I would offer a few general observations:

1. Whilst top priority should be accorded to the construction of the new airport, its associated support facilities and transport links, it may be necessary for other developments to be spread out and phased to minimize impact on our resources.
2. As we are told that Hong Kong can afford to construct the many developments, I would caution against over-reliance on financial returns on sales of land to finance

the infrastructural development. Disposal of land must take into account the rate of absorption of the private sector. At any rate, phasing of land production will mean that not much revenue can be generated for a number of years to come.

3. With the harbour reclamation and the relocation of the airport and the port facilities, we should take advantage of the planning opportunities gained to improve our urban environment. The Metroplan under preparation should ensure that future urban development would contain adequate open space, parks, public and civic amenities, and adequate road reserves to service a truly attractive city of the future for its inhabitants.

We should examine the Hong Kong Planning Standards and Guidelines to ensure that these essential elements would be provided. Though land will always be a limited commodity in Hong Kong, a more long-term view should be taken.

In my opinion, the relatively recent areas of Tsim Sha Tsui East and the Wan Chai Reclamation have a number of shortcomings in terms of traffic circulation, parking, urban design and planning. Were they the fault of our town planners or of our financial policy makers who have in every case determined to maximize development potentials above other considerations?

4. In the transformation of our urban area through the new Metroplan, the Land Development Corporation, in conjunction with the private sector, would have the scope to play a larger role in urban renewal. Where possible, urban renewals should not ignore conservation of historical and traditional buildings and neighbourhoods.

5. We should take the opportunity to improve our environment by re-locating polluting industries to new industrial zones near the new airport, away from the residential areas.

Industrial zones should be created with an emphasis on low density industrial land to cater for Hong Kong's increasing need to develop high value-added industries involving automation and advanced technologies, premises for which have to be specially designed and cannot be accommodated in speculative multi-storey flatted factories.

6. The proposal to build a new town near the new airport should be looked at very carefully from the environmental point of view. In this connection, I recommend

that the future strategic planning and land use of Lantau Island should be considered in conjunction with the proposed development associated with the airport and proposed new town.

7. Land resources for public housing, which would become critical in 1996, should continue to be addressed. And in this, I am heartened by your remarks, Sir, that the Government will do its best to find the new land required.

Your vision of the future is indeed inspiring and should go a long way in giving our young people a worthwhile target to work towards. I hope that these plans will be given wide publicity in the schools.

These plans for the future are a demonstration to our community and to foreign countries that the Government is not sitting back and marking time until the day of the transfer of sovereignty, and that it is determined, with the active support and commitment of the private sector, to invest time, energy and money to maintain Hong Kong's leading position as an international city in the 21st century.

But when all is said and done, the restoration of our confidence in our future lies ultimately in the mutual trust and understanding between China, Hong Kong and Great Britain: trust in the will and determination on the part of all three governments to maintain Hong Kong's prosperity and stability; understanding of the concerns of the people of Hong Kong and the distinctive nature of the political, economic and social systems of the two societies, China and Hong Kong; and understanding of the true meaning of "one country, two systems".

With these remarks, Sir, I support the motion.

MR. ARCULLI: Sir, I am sure that the plans outlined in your policy address to this Council three weeks ago will go down in history as the most ambitious and comprehensive. The development programmes will certainly be the largest ever undertaken by Hong Kong. It has quite rightly won the support of the community. For my part I will simply say this: "It is magical!" -- for as each objective is attained over the next decade or so, each will become a milestone. Sir, let us not be under any illusions, for what you have called on Hong Kong to deliver is no easy task. But is there anyone that seriously believes that we in Hong Kong got to where we are, doing it in the easy way?

Sir, you also reminded us that to successfully carry out these plans we need commitment from the Government and the community as a whole. And more than that, "we need leadership from within the community." The leadership you referred to, Sir, covers all aspects of Hong Kong's future but leadership in respect of our future political well-being is vital. Our Senior Member, the Honourable Allen LEE had this to say in last year's policy debate, and I quote: "The community is looking for leadership. To be a leader is not for the name nor for the glory. It is a responsibility. The responsibility of decision making and being accountable for them. I therefore ask the Members of this Council to take up the leadership role." I believe that Members of this Council have taken up the leadership role in a number of issues and challenges. However, to lead is also to be led. The OMELCO consensus on the development of representative government is, I believe, a reflection by OMELCO of what you, Sir, described in your address as and I quote: "the widely-held view in the community that there should be a somewhat faster rate of development in 1991 than previously envisaged; and also that by 1995 all Members of this Council will be elected by one means or another." Some of my colleagues have referred to the details of the OMELCO consensus and I shall not repeat it. It was arrived at after long and lively debate with Members putting forth views that they cherish and hold sincerely, with Members consulting their respective constituencies, different political groups as well as a broad spectrum of the community. At the end a compromise was reached. Why? Because Members believed that unity in Hong Kong today is crucial. Indeed, OMELCO may even have surprised some of its critics by reaching a consensus. This, Sir, I believe, is the leadership role that is expected of this Council.

Sir, you quite rightly said that we must prepare ourselves well in advance. In order to do so a decision will have to be made and made very very soon. In fact it ought to have been made by now. Sir, despite two late entries, it is fair to say that the OMELCO model remains widely accepted. I believe that the OMELCO model is the way forward and urge the Government to accept it for 1991 and 1995 when deciding on the development of representative government. Over the last year or two we seem to have concentrated on the future political structure, composition, and election of the Legislative Council and the future Chief Executive. Let us not forget that our municipal councils and district boards also need development. There is a case for synchronizing the pace of development in these bodies with that of this Council so that by 1995 all their members would also be elected by one means or another. There is not much time and an urgent decision is required. It is the expectation of the community.

Sir, being in the economic miracle that Hong Kong is sometimes referred to, we have in the past taken our political stability for granted. I am sure we can do so as well in the future once Hong Kong moves toward greater political maturity. To do so I believe it is not just inevitable but essential that political parties are formed. Some of my colleagues in this Council have taken the initiative. I congratulate them and I wish them every success. I also hope that the various liberal groups would iron out whatever differences they may have so that they can re-organize themselves into a single cohesive and credible party and not merely become an amalgam of groups for that is not true unity. We also must avoid too many political parties for there is an inherent danger: it may result in the legislature being controlled by a minority group acting in concert or at least having substantial influence. We must therefore be alert to some of the pitfalls of political advancement and realize that we will have to work very hard to obtain such stability. This is another example of the leadership role this Council is expected to and, indeed, can play in ensuring the continuation of Hong Kong's political stability and economic viability.

Last Friday Members of this Council were given a briefing at the request of the sponsors of a report entitled "Building Prosperity: A Five-part Economic Strategy for Hong Kong Future". Many of us found the briefing interesting and instructive. The report deals with the internationalization of Hong Kong's economic strategy. There is little that is novel in such a strategy but what it does highlight is the importance of such strategy to Hong Kong. We have always encouraged investments in Hong Kong. We have an open-door trade policy second to none. We have developed our financial markets into a major international financial centre. We have aggressively developed export markets for our manufacturing and trading sectors. We have prospered and made Hong Kong an international city. It is therefore not surprising that a lot of investment in China were made by or through Hong Kong. Another significant point is the firm belief that economic growth over the next decade is likely to come from the Asian Pacific region, thus Hong Kong, as an international city within this region, will play a pivotal role in this growth. North America, Europe and Japan will continue to make investments not only in this region but also in China. It seems to me, therefore, that the ambitious plans we have in the pipeline are in part to participate in this growth which will benefit not only just the region but also China as well as Hong Kong. Remaining as an active and responsible member of the international economic community is therefore vital. We have worked very hard to achieve that status. It must not be lost particularly if we are to play our role in China's development. It should also be recognized that international investors

who have investments in this region will continue to take an active interest in Hong Kong's well-being. It is also understandable that their governments may take a like interest. There is a world of difference between economic interest in this respect from political involvement or interference. It is therefore timely that you, Sir, have announced the setting up of an International Business Committee. We in Hong Kong have just under eight years before we become part of China. We must ensure that, with the help of the Government here and in Britain, we can come to a workable framework and understanding with China as soon as possible. In doing so we must obviously understand how China works and thinks and must also ensure that she has a similar understanding of us. We must therefore not be surprised or unduly worried if there is, from time to time, the occasional hiccup. Most important of all: we must play our part in ensuring the concept of "one country, two systems; Hong Kong people ruling Hong Kong with a high degree of autonomy" will work as it will be measured against international standards because Hong Kong is an international city. I believe that Members of this Council will have a leadership role to play in achieving these objectives.

Sir, the plans you outlined in your policy address last year and three weeks ago call for not just huge financial commitment but also incredible human resources to ensure their timely completion within budgets. A new airport and port, tackling environmental pollution, increasing tertiary places and introducing other educational reforms, a new Hospital Authority, the development of a transport infrastructure, to name a few. These programmes will keep Hong Kong well occupied into the next century. To pile onto these, other important issues such as political development, the Basic Law, a Bill of Rights, relationship among China, Britain and Hong Kong coupled with increasing emigration may be considered by some as an almost unbearable burden for our community to carry. These ambitious plans will test Hong Kong's resilience and resourcefulness and whilst I agree that we cannot afford not to do it we must not take our eyes off the effect it will have on our economy and be careful that we do not mortgage our future for an apparent display of confidence. We have been told often enough in the past that Hong Kong cannot afford to take on too many capital projects as we do not want the economy to overheat, or that we must be frugal in times of global economic downturn. If those observations were true, let us not forget them in the years to come.

Sir, we are going to have the first-class port and airport facilities but who is going to manage them? The high level of emigration is taking away many of our talented people. There is a real danger that Hong Kong may, for the first time, have

a succession gap. Our young people are industrious and intelligent but they are likely to lack the experience to step into this succession gap. Recruitment from overseas is a short-term solution. In the long term it is vital that our young people are trained as quickly as possible. Employers must also be encouraged to expose these young people to more than they appear ready to handle. We should consider whether incentives ought to be given to such employers. We should also encourage those members of the community who have the necessary experience to give their time in our endeavours to train our youth. Programmes for such training ought to be devised and suitable volunteers should be recruited. Given all the help I am sure they will be like their parents and will rise to meet the challenge. To give them the best chance of acquitting themselves well, our youth deserve more than our traditional type of formal curriculum. Civic education, among others, is needed. The setting up of the Commission on Youth is most welcome, for we need young people to build Hong Kong and to manage Hong Kong. We must also be aware that there is a certain credibility gap between our youth and those of us that have the ability to leave Hong Kong. It is difficult for them to believe that we will not leave when so many are leaving. It is therefore most important that we must help to make Hong Kong not just their home but our home. When we have done that we might then be rightly described as leaders in the community.

Sir, before I conclude I would like to take this opportunity of expressing my sincere gratitude to my colleagues, the staff of the OMELCO Secretariat as well as those in other departments and branches of the Civil Service for all the help, understanding and advice they have given to me in my first year in this Council. With these remarks, Sir, I have much pleasure in supporting the motion.

MR. BARROW: Sir, your policy address has provided just the right message to the Hong Kong community. You have demonstrated that the Government is determined to take the bold actions needed to achieve your vision of Hong Kong in the year 2000. You have outlined the cornerstones of our future -- our development as an international city, the investment in training and education, the exciting infrastructure plans, the expansion of economic links with the mainland and the evolution of constitutional development.

At the same time, you have not shied away from some of the areas of concern, particularly the question of emigration and the need for urgent and generous help from the United Kingdom in providing a scheme of assurance through full British citizenship. There is always something of a dilemma in presenting these concerns

-- understating them diminishes the Administration's credibility, while emphasizing them excessively runs the risk of turning them into self-fulfilling prophecies. For example, emigration is a real cause for concern but it is not a reason for panic.

Strengthening Hong Kong as an international city

Strengthening and promoting Hong Kong as an international city is a cornerstone of our future. It is a theme which is clearly in the interest of the people of Hong Kong and plainly it is of importance to China.

Developing the status of Hong Kong as an international city is a creative, positive and optimistic theme that can rally and inspire the community of Hong Kong as well as our international partners and China itself.

Hong Kong is already a flourishing international city in many respects. In the past 10 years or so, we have risen from being the twenty-seventh largest trading entity to the eleventh. We are the number one container port, a leading financial centre and one of the world's foremost tourism destinations. However, there is still much practical action we can take to achieve this vision of Hong Kong. For example:

-- We must achieve a higher standard of English, with both private and public sectors taking steps to increase investment in language training.

-- We must have the flexibility to allow people with particular skills and know-how, at whatever level, to come into Hong Kong.

-- We must avoid protectionism amongst the professions, while ensuring standards are maintained. There should, for example, be a sensible solution to the long outstanding matter of the role of foreign lawyers.

-- We should encourage international agencies such as branches of the United Nations to have regional headquarters in Hong Kong.

-- We must also take greater steps to develop Hong Kong's international image. We already have active Hong Kong government economic offices around the world. They need to be strengthened, probably with professional outside help, and to work more closely with the Trade Development Council and the Tourist Association, who are the frontline image presenters of Hong Kong. We should also seek help from the management

of those Hong Kong companies, which have businesses in some of the major cities of the world, in putting over the Hong Kong message.

With Hong Kong people being such frequent travellers, more members of the private sector should devote time on their international travels to promoting Hong Kong through appropriate opportunities.

The Sino-British Joint Declaration not only allows Hong Kong's international character to continue but also encourages it to grow and flourish. However, it is necessary to underline here the crucial distinction between strengthening Hong Kong as an international city and the politically more complex point concerning the internationalization of the issue of Hong Kong's future.

Quite apart from the benefits for China and Hong Kong, I suggest that there are significant benefits for the world at large, implicit in regional stability and wealth creation, and in ease of access to China through Hong Kong. Therefore I believe Hong Kong's economic future is very much the business of the world community -- if only for reasons of enlightened self-interest.

The financial services sector.

Under the international city theme, you referred to the increasing importance of this sector.

There remains the need to strenuously avoid over-regulation which could stifle the vigour and innovation of our markets. Hong Kong grew into an important financial centre because there were a minimum number of rules inhibiting business, rather than because it had a comprehensive regulatory system.

While the checks and balances resulting from the amendments to the Securities and Futures Commission Bill have given comfort to those of us concerned about this issue, there are growing misgivings amongst both local and international members of the financial services sector that we are straying towards over-regulation and excessive intervention.

In reviewing compliance with existing regulations and plans for future legislation, it is essential that there should be common-sense handling of situations as they arise and the avoidance of nitpicking; this will be just as important as rigid

adherence to the actual letter of the law. Lord ALEXANDER made reference to this in a recent valedictory paper when he welcomed the approach now being taken in London in focusing attention on establishment of basic principles in the conduct of business rather than on the specifics of the Financial Services Act.

Let us remember that the primary purpose of the stock market is to raise capital and we must not discourage local entities, particularly smaller companies, from making use of the market. Indeed, we are already hearing of local companies talking of privatization and those companies who might otherwise have sought a listing in Hong Kong might choose other markets.

The costs of the regulators and of compliance are growing, and the sector is now faced with a huge increase in listing fees which will come into effect shortly. I urge the Government not to stray away from Hong Kong's basic philosophy, and to ensure the regulatory organizations, both within and outside Government, remain lean and tightly managed, with a sensible approach to the realities of Hong Kong.

In conclusion on this point, I would like to draw Members' attention to Lord LEVER's 1986 speech in the House of Lords on the second reading of the Financial Services Bill.

While recognizing the need for an improvement in regulation, he went on to say: "If we set up a network of regulation, it is our duty to watch that we are not causing more anxiety and expense to honest men than we are to crooks".

I recognize, Sir, that it is all a question of balance. Let us not, however, end up with lovely clean water but no fish swimming in it.

Infrastructure development and tourism

In my address last week I covered the actions being taken by the Tourist Association and the industry overall to restore the health of that sector and I will not repeat them today.

The long-awaited announcement of a new airport and related developments is welcome news to the community as a whole and to the tourism industry in particular. These projects are to be carried out for sound economic reasons but coming at this time they do represent a major confidence booster in Hong Kong, as well as enhancing

our image internationally. In demonstrating that we have the courage and vision to maintain the pace of our development, these ambitious new plans are a further example of the resilience and spirit of this community, which all the world will see and admire.

Some commentators have described these massive projects as "Hong Kong's biggest ever gamble". Sir, I believe "gamble" to be an inappropriate description. All major infrastructural developments carry some risks, and these projects are no exception. Without taking risks, Hong Kong would not have become the international city that it is. Avoiding further risks means that Hong Kong would wither on the vine, destined never to achieve the vision of becoming an even greater international city.

The determination to get the airport partly opened by early 1997, given that Kai Tak will reach its maximum capacity before that date, is encouraging.

In parallel with these major developments, we must keep up the other improvements which are so vital to maintaining Hong Kong as an exciting and vibrant city for visitors, and continue to offer a high standard of service. The ongoing improvements of Kai Tak over the next two or three years remain essential. The need to ensure the layout of the new reclamation gives Hong Kong an exciting and colourful waterfront will be paramount.

The commitment to training and education, as well as flexibility in immigration policy, will provide the necessary support for tourism. As this industry continues to expand, with more hotels coming on stream and new facilities being introduced, our standards of service must be maintained. I am particularly pleased that the Hong Kong Polytechnic is to introduce a bachelor degree in tourism as this will do much to stimulate interest in the field and this decision demonstrates the growing realization of its importance.

The protection of our environment is also a key issue, as is the preservation of our heritage. I hope that we can do even more to encourage the sensitive restoration and preservation of our priceless cultural heritage. Is there also not more we can do to ensure a higher quality of landscaping around our roads, tunnels and other facilities? Such an initiative to add more greenery would help to improve the environment, enhance our image and avoid a totally "concrete jungle" profile.

Finally, the further development of arts and culture will bring benefit to tourism

and will support the strengthening of Hong Kong as an international city.

Conclusion

Sir, you have demonstrated the Government's commitment to the future of Hong Kong. This remarkably resilient community will be stimulated by the clear-cut sense of direction that you have shown us. Let us now pull together as a community and achieve the objectives you have set.

With a highly-trained and multilingual population, Hong Kong will continue to play intermediary role between China and the rest of the world. If the people of Hong Kong can maintain their own cohesion and competitive spirit, we should be able to produce a sound economic performance which can remain the envy of others. Hong Kong can and will remain an outstanding example of what properly motivated human enterprise can achieve.

With these words, Sir, I support the motion.

MR. PAUL CHENG: Sir, I would like to join many of my Legislative Council colleagues who have spoken before me in thanking you for a most inspirational address. We need faith, vision, dedication and commitment to see us through these difficult times.

Prior to this summer, despite some nervousness, all the indicators -- property prices, the Hang Seng Index, tourism, our trade figures -- were all pointing in the right direction. June 4 shattered many dreams and broke many hearts. All of a sudden we are faced with a major confidence crisis. A city devastated by an earthquake can be rebuilt but a loss of confidence involving emotions and attitudes is much harder to resurrect. As tragic and sad as the June events may have been we must focus on the future rather than lamenting the past. The past is history and history can never be changed. We will surely encounter more crises and emigration will certainly continue to be an issue in the foreseeable future. In the past few months, an inordinate amount of time and effort has gone towards securing "insurance policies" for the people of Hong Kong. The reality, however, is that millions of people will still be here long after 1997. These people deserve equal time.

The answers to uncertainty are speed, flexibility, responsiveness and adaptiveness -- particularly in this age of information technology. The

entrepreneurs in Hong Kong possess all these traits. That is why we have been so successful and so resilient. As we move closer to 1997, the Hong Kong Administration must also cultivate this entrepreneurial spirit. Tome PETERS, the author of In Search of Excellence, said during a recent talk he gave when he was in Hong Kong recently that the difference between an entrepreneur and a large bureaucratic organization is that when an entrepreneur encounters a snake, he kills it on the spot. The large organization, on the other hand, would first form a committee to study the matter and try to gain consensus on whether the snake should be killed or not. If the decision is to kill the snake, a consultant on snakes would be brought in to advise how it should be done. We are racing towards our next date with history, we do not have the luxury of time. We must act quickly and decisively.

Another observation I would like to make is -- I sincerely hope that all parties concerned, that is China, Britain, the Hong Kong people and the international community with commitment to Hong Kong, do keep in mind that we must all exercise self-restraint to avoid confrontations. Let pragmatism rule the day for if we cannot maintain Hong Kong's economic viability and free environment, all else including getting the right political model may become secondary. If Hong Kong fails to maintain its status as a thriving international commercial centre, it will simply become just another city along the China coast. Hong Kong is like an adopted child who will soon be reuniting with his natural parent. Both are understandably a bit apprehensive on how things will work out. Both must be sensitive to each other's feelings. It is in China's interest, therefore, to take the initiative to do everything possible to reinject confidence into the hearts of the people of Hong Kong. By responding positively to Hong Kong people's views on the drafting of the Basic Law, China will go a long way to show her understanding, flexibility, sincerity towards the successful implementation of the "one country, two systems" concept. A prosperous and stable Hong Kong will help speed up China's eventual emergence as a world power.

It is not necessary to go into details about our assets. We all know we have an ideal geographical location, our communications facilities are among the best in the world, we have a proven legal system, a favourable tax environment, a currency which is freely convertible, an English language business base, a government dedicated to free and fair trade and non-intervention and last but certainly not least our highly skilled, high-energy workforce. I do, however, wish to make a special mention that it is essential we do not over-react to problems by over-regulation. A case in point is the Securities and Futures Commission with its elaborate structure.

Its tendency to over-intervene must be curtailed, or else we run the risk of diminishing Hong Kong's role as a leading financial centre.

There is no question we need to put a great deal of effort into further building up our physical infrastructure. This will help maintain our economic momentum and regain some of our lost confidence. The \$127 billion commitment to build a new airport, expand our port capacity plus all the necessary transport links and supporting facilities was welcoming news. Using the information age terminology -- this is just the "hardware". We must ensure we give equal emphasis to developing adequate and appropriate "software".

It is not possible to cover all areas today. I shall, therefore, confine my brief comments to:

- education and vocational training;
- the environment;
- technology and
- enhancing Hong Kong's role as a leading international business centre.

These, I believe, are some of the more critical "software" issues.

Education and vocational training

In increasing the planned provision of first-year, first-degree places from 7 000 next year to 15 000 in 1995, it is important that this is not done at the expense of vocational training. For example, institutions such as the Hong Kong Polytechnic must not be sidetracked from her original mission in our quest for more tertiary places.

As Hong Kong shifts increasingly towards value-added manufacturing and the service sector, vocational training in some cases may be even more essential and appropriate than degree courses.

We need to review the salaries and conditions of service for the teaching profession, which is in need of a total face-lift, in order to upgrade its image to attract more people into this field. We must also welcome teachers from abroad to help us raise our children's standard of English and we must send more teachers overseas to update their teaching techniques and skills.

The environment

I fully agree that solving our pollution problems requires team work between the Government and the community at large. Everyone has a responsibility.

I am delighted to see that more efforts will be given to environmental education.

Whilst I have no doubt the commitment is there, I cannot but feel that actions are slow in coming. This is an example whereby we should get on with killing the snake. It is impossible to please everyone -- but a cleaner environment is not only vital to health, it will also play an increasing role in bringing people back to Hong Kong.

We need to act quickly and we need to enforce compliance. Gentle persuasion is not going to work. We should take some lessons from Singapore in this regard.

Technology

As our manufacturing sector moves towards value-added activities, it will need considerable support in this repositioning process. The proposed establishment of a new Hong Kong Technology Centre is good news indeed.

The "incubator" concept is excellent and I hope focus will be on applied technology, on product design and development rather than on pure basic research as this is best left to countries like Japan and the United States to take the lead.

We need to foster a closer link between the academic community and the private sector. We also need to look at possible schemes to encourage manufacturers to re-invest in technology and equipment.

Hong Kong as an international business centre

Foreign investment in both the manufacturing and the service sectors has been a major contributor towards making Hong Kong into a highly successful place. International companies employ a considerable portion of our workforce and this is without question a significant factor in our economy.

Hong Kong is not only a leading international financial centre, it is also a preferred location for regional headquarters of multinational corporations. Many

international executives have made a long-term commitment to Hong Kong. We should make it possible for those interested and willing to be more involved in an advisory capacity in areas such as education and vocational training, technology development, environment, youth programmes and so on. Where appropriate and necessary, we should also welcome professionals and specialists from abroad to practise and work here. We need to make our international friends living and working here feel more part of the community.

The setting up of an international Business Committee is certainly a start, but local attitudes must also change. We must achieve a proper balance between domestic issues and external considerations.

On this note, I would like to make one final recommendation which, in my view, requires urgent attention. In my travels abroad in recent months, I have noted that there is a total misperception of Hong Kong around the world. The June events have unfortunately pulled down Hong Kong's image as a place to invest in the upcoming Pacific era. We need to correct and uplift our image. We have a lot going for us but we must tell the potential investors and reassure them that in the long term Hong Kong and southern China are markets they cannot afford to by-pass.

Sir, it is good news that you will be allocating more time from your busy schedule to go abroad as our ambassador. The Trade Development Council, the Tourist Association, the overseas government offices are all doing their part. Senior executives are encouraged to accept speaking engagements during their travels.

All these activities are undoubtedly helpful. But what we must seriously consider is to mount a major, co-ordinated, and I emphasize co-ordinated, campaign to rebuild our image. This is one case we will need to seek professional, specialist assistance from a public relations firm with a global network. A task force composed of individuals from both the public and private sectors should be formed to spearhead this effort. We must convince the world that we should not be written-off. Unless this is done foreign investment will slide and our status as the foremost international commercial centre will begin to erode.

Not only do we need to build self-confidence we must urgently ensure that the world community continues to have faith on the future of Hong Kong.

With these remarks, Sir, I support the motion.

MR. MICHAEL CHENG (in Cantonese): Sir, your policy address this year is substantive and pragmatic, fully reflecting an enterprising spirit. I am very much delighted to know that the Government is prepared to make a full commitment towards the future prosperity and stability of Hong Kong by formulating an ambitious blueprint for our infrastructural development. This will undoubtedly have a positive effect of reassuring the Hong Kong people. However, if the confidence of the Hong Kong people is not restored or is further shaken in the coming years, then all these plans will not be able to achieve their desired results. Therefore, in launching this project, the Government should at the same time formulate and put forward measures to reassure the Hong Kong people and strengthen their confidence in their future.

Physical infrastructure

In order to cope with the future needs of society and to assure Hong Kong of a smooth transition in the future, the Government has planned a \$127 billion project to provide Hong Kong with a new modernized airport and a larger port, plus all the necessary transport links and supporting industrial and commercial facilities. This is indeed heartening. For our economy, this large-scale infrastructural programme will provide plenty of business and job opportunities in the 1990s. It will also help retain talent and capital. Various sectors will benefit from it and the economy as a whole will, with the incentives of this programme, become robust.

However, we cannot deny that there are hidden worries behind this infrastructural programme. The major problems are that, firstly, given the uncertainties and the unstable environment at present, it remains unknown whether the private sector will be willing to take up 40 to 60% of the investment; secondly, as the development of many sectors is now impeded by labour shortage, it will not be easy to find adequate manpower for this building programme which is the largest project ever undertaken in Hong Kong; thirdly, the injection of massive capital for the project will result in an overheated economy. If no restraining measure is taken, then inflation will rise and the people will suffer from soaring prices.

The sum of \$127 billion to be spent on the infrastructural programme might seem a mind-boggling figure when we first heard of it. But if the Hong Kong Government plans to show just 40 to 60% of the sum, then over the period up to the year 2006, the Government will only be required to spend an average of about \$4 billion every

year. Given the present financial situation, Hong Kong should be able to afford it. But whether the private sector will be willing to invest the remaining 50% will depend very much on their confidence in the future of Hong Kong.

Sino-British-Hong Kong

Sir, the massive infrastructural programme you have mapped out for Hong Kong goes beyond 1997 to the year 2006. I think the harmonious relations between Hong Kong and China are very essential to the successful implementation of this carefully planned and ambitious blueprint. The deterioration of Sino-British relations is bound to cause worries and anxiety among the Hong Kong people and this will be a stumbling block to the long-term development of Hong Kong. Therefore, in order to maintain good relations and trust, China, Britain and Hong Kong should each make an effort to try to understand each other, remove prejudices, have more consultations and put Hong Kong's future on top of everything else. The Chinese and British Governments should remove all obstacles and co-operate sincerely so that the undertakings they have made in the Sino-British Joint Declaration can be realized. Meanwhile, the people of Hong Kong should give expression to the legal spirit and advice mentioned in the policy speech, that is we should use our laws and freedoms "with a sense of responsibility and self-restraint." I firmly believe that restoring mutual trust between China and Hong Kong will be conducive to strengthening Hong Kong's future political status.

Emigration

In recent years, increasing numbers of Hong Kong people have emigrated for the sake of securing some sort of psychological assurance. It is predicted in your address that 42 000 people will leave Hong Kong in 1989 and emigration levels are likely to be higher in the next few years, showing underlying manpower crisis in Hong Kong.

According to statistics, most of the emigrants are well-educated and experienced mid-level managers, professionals and technical personnel. The brain drain problem has imposed an adverse impact on the social and economic development and the distribution of human resources in Hong Kong. I am glad that the Government is actively taking practical measures to tackle the problem, that is, by taking a two-pronged approach of speeding up the training of local personnel as well as attracting talent from overseas.

Regarding the training of local talent, I think that apart from expanding tertiary places, the Government should promptly draw up technical training schemes and set up a training fund to step up the training of the existing labour force in view of the recent shift from labour-intensive industry to high technology and automation in our local industries and this is expected to remain a prevailing trend in the years ahead. I believe that the launching of training schemes will not only ease the manpower crisis but also help boost the confidence of the Hong Kong people and consolidate the groundwork for the future development of Hong Kong. Besides, it fits in well with your massive development plan.

Nevertheless, expanding tertiary education and launching training schemes is an arduous undertaking about the nurturing of people. As the saying goes, "it takes much time to grow a tree and ten times as much to train up a person." Training people requires time. After completion of training, the trainees have to gain much practical experience before they can become masters of their trades. It is therefore fitting that you emphasized the need to import more skilled and experienced labour and to find replacements in the international markets for our home-brewed talent who have emigrated. This measure may weaken the sense of belonging among the Hong Kong people or may, to a small extent, become a divisive factor in society. For all these negative effects, it is still a temporary solution to the manpower shortage problem in Hong Kong during its transitional period. It is necessary to adopt this measure for at least some time until we have achieved any success in developing our own human resources.

However, what is more important is that we should instil a correct outlook on life and a sense of responsibility into the young people so that they will recognize the importance of each individual to the future development of Hong Kong, thereby developing a sense of belonging and opting to stay in Hong Kong. It is only by this approach that we can hope to put a permanent end to our problem. Otherwise such training schemes will only mean equipping Hong Kong people for emigration and training people for other countries.

Education

Your policy address reveals the Government's plan to increase tertiary places. It is estimated that there will be sufficient tertiary places for 25% of the relevant age group by 1995. All along, Hong Kong has not done enough for the young people of the relevant age group to satisfy their need for higher education. With the rapid

development in local economy and in universal education, the expansion of tertiary education is badly needed; this, coupled with the brain drain problem, has made the need for expanding tertiary education all the more imperative. In order to maintain the competitive edge of Hong Kong's economy, the Government intends to speed up the training of manpower in tertiary institutions, hoping that by 1991 and 1992, they will have produced enough trained people to make good for the brain drain, and that a reserve of talent will be built up gradually after 1992. I fully agree to this goal of the Government.

However, rapid and over expansion of first-degree courses is bound to affect the quality of higher education. Moreover, if the use of education resources is over concentrated on higher education, other sectors of training will be affected, rendering it impossible to enhance basic education or train up enough manpower to make up for the loss of middle-level personnel to cope with Hong Kong's future demand for human resources.

At present, local tertiary institutions are also plagued by the loss of teachers. Hence, the rapid development of higher education will surely make it more difficult to recruit excellent teachers. It is not worthwhile to lower the quality of our higher education just for the purpose of churning out more degree holders.

Apart from imparting academic knowledge, secondary and primary education in modern times is also concerned about the cultivation of civic awareness and sense of moral responsibility among youngsters. At present, teachers have a heavy workload. Apart from imparting academic knowledge, they are required to mark exercises and handle clerical work. They can hardly spare any time for cultivating civic awareness and the sense of moral responsibility among students. Also, the extraordinarily large size of an average class makes it hard for teachers to deal with the individual differences and character development of the students. This is a serious blow to the quality of education. I beg to request that in expanding tertiary education, the Government should, at the same time, also pay attention to the quality of secondary education. Actions should also be taken to reduce the workload of the teachers and cut the average size of a class, so that teachers may have ample time to attend to basic training in other areas, such as developing students' sense of belonging.

The aim of secondary education is to train up people for middle-level posts. Secondary education should therefore offer two kinds of basic training courses to prepare students for further studies on the one hand and equip them for employment

on the other hand. The policy address mentions a proposal on providing Form VII classes in various types of secondary schools. Its objective is still set on preparing students for further studies, thus paving the way for expanding tertiary education. This will help encourage the common belief of present secondary students that their objective of learning is to secure a place in the university. In order to step up training people for middle-level posts, we must change this mentality of the young people and expedite improvement in the quality of secondary education so as to enable students to make the best of their own potential. Hence, the curriculum of secondary school should be expanded and diversified. There should be a wide range of general subjects, advanced subjects and vocational subjects for students to choose according to their own abilities and interest. In this respect, I propose that the Government should set up a "Curriculum Development Council" to work out a wider choice of curricula for our schools.

With regard to basic education, the Government has failed to put forth any specific plans for implementing whole-day schooling in primary schools and improving the quality of primary education. Nor has the Government offered any appropriate form of support for the development of pre-primary education. At present, local families, be they rich or poor, all send their young children to kindergartens. However, owing to a lack of resources, kindergartens are often unable to recruit suitably qualified teachers, thus leading to relatively poor quality of the pre-primary education. The policy address mentions only a few arrangements for improving the basic training courses for kindergarten teachers and giving effect to the fee remission scheme. These are inadequate in bringing about comprehensive improvement in the quality of pre-primary education. I propose that the Government should carry out a comprehensive review on the pre-primary education policy as soon as possible, so as to formulate an overall plan which fits in with our social development and the principles of education. It is only through providing financial assistance to kindergartens, stepping up pre-service training for kindergarten teachers and establishing a pay structure for kindergarten teachers that we can hope to upgrade pre-primary education in the long run.

To sum up, the foundation for universal education in the secondary, primary and pre-primary levels in Hong Kong is far from being sound. With education resources spent mostly on expanding tertiary education, basic education will surely be held up. If the foundation of basic education is not sound enough, the ground work of tertiary education will be very much like a building on quick sand. The overall development of education in Hong Kong will then become imbalanced and our plan for

manpower training will hardly achieve its set target.

The Civil Service

Hong Kong's success to-day owes much to its well-organized and highly efficient administrative structure. The excellent quality of service rendered by our civil servants is one of the contributory factors. Hence, the 180 000 or so civil servants should deserve credit for their vast contribution towards the stability and prosperity of Hong Kong. Their remarkable performance has placed them among the best in the world. In the crucial years ahead, Hong Kong will, more than ever, need their high quality service to maintain the steady operation of the Government.

Nevertheless, under the cloud of other uncertainties, the civil servants are inevitably worried about their future. In the past few years, there has been a substantial wastage of civil servants. It is anticipated that the wastage rate will rise together with the increased levels of emigration. The substantial wastage of civil servants will leave the existing administrative structure paralysed, and, in turn, directly hamper the efficient operation of the Government. To retain the backbone of the Civil Service, the Government should enhance their sense of belonging to Hong Kong. In my view, there are three ways to induce these people to stay behind. Firstly, the eligibility and quota of the Home Purchase Scheme for the civil servants should be relaxed and expanded. Secondly, the localization process of the Civil Service should be speeded up to better the promotion prospect of local officers. Thirdly, improvements should be made to their pay structure and initiatives be taken to relieve their anxieties over various issues such as a guarantee for their pension which is an issue of their utmost concern. All these will help stabilize the Civil Service during Hong Kong's transitional period up to 1997.

In this transitional period, the maintenance of law and order in Hong Kong is of paramount importance. Should the police, who are responsible for fighting crimes and maintaining peace and order, slacken in their effort, the community will certainly be in a chaotic state. In order that the police force in Hong Kong may maintain a high morale in carrying out their law enforcement duties, the Government should take practical measures to give them incentives, enabling them to put their minds at ease and continue to discharge their duties efficiently.

Furthermore, employees in subvented organizations, such as teachers and medical staff, whose job nature and pay structure are similar to those of their counter-

parts in the Civil Service, have also made significant contribution in maintaining the steady operation of Hong Kong. I earnestly hope that in reviewing and improving the conditions of service for the civil servants, the Government will also take care of the interest of the employees in the subvented sector by offering them parity of treatment.

Vietnamese boat people

Regarding the Vietnamese boat people issue, as I shall take part in the Legislative Council debate on this subject at the end of this month, I do not prepare to discuss it in detail today. In view of the serious harm these Vietnamese boat people have already done to Hong Kong, I would like to reiterate my stance here. With the implementation of the screening policy, it is necessary that mandatory repatriation should also be enforced. If we are not able to enforce mandatory repatriation, then Hong Kong will have to scrap the first asylum policy. Otherwise, we shall never be able to find a solution to this problem.

Conclusion

Sir, the people of Hong Kong are world famous for their enterprising spirit and initiative. With their traditional virtues, the people of Hong Kong have successfully gone through many difficult times in the past. Now, they are confronted with even greater challenges and an uncertain future. Confidence in Hong Kong is a prerequisite for continued stability and prosperity in Hong Kong. Yet, confidence is not something that can be attained by the traditional virtues of the Hong Kong people. Only through continued co-operation among China, Britain and Hong Kong in an accommodating and understanding manner, may Hong Kong be assured of a bright future that enables the rosy vision of your policy address to become a reality.

Sir, with these remarks. I support the motion.

MR. DAVID CHEUNG: Sir, the events in China shocked the international community and shattered the confidence in Hong Kong. Under the shadow of such gloomy atmosphere, your bold outline for building Hong Kong's political, social and physical future came as a big shot in the arm at an opportune moment. I wish to join my colleagues in congratulating you on your vision to sustain Hong Kong through this crisis period.

I shall confine myself to remarking on three areas and I shall try to be brief.

Political development

On our future political system, as you rightly pointed out, a number of models for the future composition of Hong Kong's legislature have been proposed and a great deal of debate generated. But let me say this to those debating these models: it would not be right to denounce the OMELCO consensus as a ploy by Britain. What we in Hong Kong need is a political system that best suits our community and gets broad support. The OMELCO consensus was knocked out not by the whims of a handful of people. It was the outcome of a great amount of gives and takes among Members who have the overall well-being of our community at heart and who, in their respective fields and constituencies, represent a wide spectrum of our populace. As is well apparent to its most die-hard opponents, the OMELCO consensus does have the support of a vast majority of our district boards; and I believe that the people of Hong Kong will support it. I earnestly hope, Sir, that the Government will respond positively to this and set in train decisively the arrangements for effecting the necessary changes from 1991 onwards. Time is running short.

Education

Sir, the targets you have outlined for the provision of tertiary education in the coming years are a blessing for our young. The anticipated expansion within six years is both encouraging and necessary. Competition for tertiary places has for too long been too fierce. It has been detrimental to the physical, mental, social and spiritual well-being of the young people. To give them more opportunities to advance to tertiary education is a most welcome gesture. Having said that, I can also appreciate that the expansion will not be without difficulties. But we must all join our efforts to do all we can to overcome these difficulties. For the expansion programme to succeed, I urge the tertiary institutions to come out of their "ivory towers", to forgo the nostalgic recollection of the past, and design new programmes and curricula to suit the needs of our young people and those of the community. To expect 67 000 students in 1995 to achieve standards equal to those of a few thousand in the fifties is totally unrealistic. However, care must be taken to attain the highest possible academic standards of international standing. I have no doubt that together as a community we can make it possible.

Whilst on this subject, I would like to make a plea on behalf of many of our young

working persons who aspire to higher academic and professional qualifications for their career advancement. The establishment of the Open Learning Institute will provide opportunities for these people. However, it will take years before our community will be able to reap the first crops. Even the large number of places in the institute fails to satisfy the unquenchable thirst of these people for knowledge, and not all courses for professional qualifications are offered by the institute. I urge the Government to explore opportunities for building on existing facilities, both in the public and private sectors, by providing more co-ordinated input to streamline the quality of these facilities and financial support where this would help improve the quality.

I am also happy to see that the wheel of the long-awaited goal of whole-day primary schooling will begin to turn. But at the same time, positive measures must also be taken to make whole-day schools educationally meaningful rather than by simply extending the school hours.

For secondary education, I as well as many of my colleagues worry that the expansion of tertiary education will be at the expense of lower level of education. I have already alerted the Secretary for Education and Manpower to such worry. Secondary schools are still waiting for funds to reinstate the post of vice-principal, to computerize its administration and to increase labour-saving equipment for efficiency. In this day of low teacher morale and fewer young people wanting to join the profession, more must be done to attract and retain the right people to the profession.

In language matters, Sir, I still believe that the use of English as the major medium of instruction in our schools is educationally unsound and unproductive. Given that English is important to Hong Kong, I support all language-improvement measures, but we must ask ourselves the most fundamental question -- are we doing the right thing for English by putting the majority of our children in our so-called English schools? To break this unhealthy trend of the majority of our young people opting for an English education which is generally beyond the level of ability of the majority, we must develop for those in the Chinese stream a viable alternative for further studies and better employment prospects so that more are willing to opt for Chinese. If we continue to steer the present course, I remain pessimistic. I can only hope that I am proven wrong. I must here caution Government to be extremely cautious in streaming pupils in accordance with language ability at the end of Primary Six. I believe it is politically unacceptable and will bring further chaos to the educational

scene. The simple fact of the matter is: few will be willing to study in the Chinese stream when future prospects are so bleak, and even fewer schools will be willing to offer Chinese stream courses when they are so hopelessly unpopular with the parents. Unless and until an alternative in the Chinese stream is seen and proved to be viable, such streaming will prove to be chaotic.

Youth

Finally, I am encouraged by the setting up of a Commission on Youth and the development of a Charter for Youth. It is high time that Hong Kong developed a sound policy on youth. My honourable colleague, Mrs. Rosanna TAM, elaborated eloquently on the subject yesterday. What I want to say is that our youths are very talented in many ways. What is unfortunate, in my view, is that many have not been able to find a clear sense of direction and objectives in life. So much youthful energy is consumed in pursuit of examination successes, creature comforts, material enjoyments and unrealistic dreams of the future. Sir, let us re-chart their course; re-ignite their zeal for the community; re-educate them on the intrinsic value of life; re-vitalize their energy for the healthy sports and athletic activities; and regenerate and re-build their leadership qualities so that they are more able and ready to assume their responsibility for the future. These could only be done with a sound policy on youth to be substantiated by concrete measures.

Nothing is of more value to a society than its youth. This is particularly true of Hong Kong whose main resource is its people.

With these words, Sir, I support the motion.

MR. CHOW (in Cantonese): Sir, I believe anyone who has listened to your policy address depicting a glorious picture of Hong Kong in the year 2000 will be inspired with enthusiasm. The policy address of this year has, on the whole, demonstrated a stronger commitment to Hong Kong's future than those in previous years. It has also demonstrated Government's foresight in steering Hong Kong into a new era.

However, the mention of the year 2000 reminds me of an underground publication called *The Spring of Beijing* published during a democratic movement in China 10 years ago. It contains a political fiction entitled "The Possible Tragedy in the year 2000" which narrates the imaginary reactivation of the "Gang of Four" in the year 2000 in

China, where the posting of big character posters will still be prohibited. Personally, I find it hard to imagine how Hong Kong can become a beautiful rose garden if China should develop as the fiction has foretold. Can China and Hong Kong really operate separately in such a way? Could it be said that the flowers in the rose garden will bloom and blossom simply by adding a few more loads of fertilizers? I am afraid that all the roses will be uprooted as soon as the river overflows. Of course, such a mammoth infrastructural project is not totally without merits. At the least, we shall be able to reach the new airport from Kowloon within 25 minutes. It would be more fortunate for the people who are fleeing Hong Kong when compared with some of their counterparts who have to find their way out in the maze of the alleys in Beijing. I only hope that by then there will not be long queues at the roads leading to the airport.

The confidence crisis in Hong Kong following the June 4 incident could in no way be solved simply by launching massive infrastructural projects. Do we believe that if we mould the word "confidence" with a large amount of concrete and display it in the Victoria Park, Hong Kong people will have confidence in their future? After all, the core of the problem lies in the variables in China and the interrelationship between China and Hong Kong, and it is naturally impossible to find the solution to these problems in the policy address. In your policy address, Sir, you have set guidelines on how Sino-Hong Kong relationship should develop -- Hong Kong should continue to make contributions to the Chinese economy, and should not become directly involved in China's often complicated domestic politics. This statement may seem indisputable from the point of view of Hong Kong itself. But are the people of Hong Kong willing to forget completely our sentiments towards China's affairs? What indeed are China's domestic affairs? In taking the Governor's advice, are we compromising the freedom of speech and the freedom of action cherished all along by Hong Kong people? Getting down to earth, there is but one way to prevent the tragedy in the year 2000 -- the democratization of China. But I do agree that Hong Kong people should exercise caution and care when dealing with the issue. A word in passing regarding the concept that the more internationalized Hong Kong becomes, the more secure it will be politically, I think the whole idea is open to question. It is because the Chinese leaders said that they were not afraid of international opinions and pressure. It will therefore be more constructive for Hong Kong to affirm positively its importance to China's economy, instead of making some Chinese leaders feel that Hong Kong people are only making money out of China. Not only should Hong Kong share "the same pair of pants" with Guangdong province, it should also endeavour to share "the same pair of pants" with China. Only then can we secure a better

political assurance for ourselves.

As regards the Bill of Rights, it would of course be most ideal to have the Bill enacted as early as possible. However, the Government should clarify whether the discrepancies between the provisions in the Bill of Rights and related provisions in the Basic Law will constitute any problem. As for the freeze period preceding the implementation of the Bill of Rights, I am of the opinion that it should not be longer than two years. Even though there may not be sufficient time to review all the existing legislation, we can always leave the ruling to the court should incompatibilities arise. On the other hand, it depends on the efforts of both the Government and members of the public to apply the concept of "respect for human rights" to the community. Recently, a newspaper revealed the contents of a letter sent to the New China News Agency by the Political Advisor. It was suggested in the letter that political considerations were involved in the Government's handling of the clash between the police and members of the public on 29 September as well as the handling of the request for a permanent location of the goddess of democracy. If the Government and our law enforcers have no regard for human rights, if our citizens themselves do not realize that their human rights are being violated, and that they should defend their rights through the Bill of Rights, then the Bill of Rights will be nothing more than a piece of paper.

Turning to the social aspects, I am of the view that Your Excellency have not brought much good news to the general public in this regard. Your policy address sets out massive plans to develop our infrastructure and tertiary education, which aim to provide adequate talents and a conducive environment for the continual prosperity of Hong Kong. However, what Hong Kong people long for is not just an affluent Hong Kong, but rather a Hong Kong where there will be "affluence for all." Sir, you said in your policy address that the provision of a western style welfare state will encourage a mentality of dependency. On that basis, you negated the development of social welfare services in Hong Kong. This argument is totally unconvincing to me. While it is true that in some western countries, the provision of social welfare leads to the collapse of the economy, there are other countries which are able to enjoy a healthy economic growth while maintaining satisfactory welfare services. The welfare level of a society should be based on the prevailing economic climate and the uneven distribution of wealth between the rich and the poor. But when you negated the development of social welfare service, no mention was made of these factors.

According to a survey report compiled by two academics from the Chinese University of Hong Kong and published in the May issue of the Ming Pao Monthly, most Hong Kong people looked to the Government to set up a central provident fund and to provide social welfare services such as an unemployment allowance. Such an inclination is not without ground. The Gini coefficient of Hong Kong has risen from 0.41 and 0.43 in the 1970s to 0.45 in 1986. This shows that the disparity between the rich and the poor is intensifying. According to the statistics of 1986, the 10% of households with the lowest incomes receive only 1.6% of the total income of all households; the 10% of households with the second lowest incomes receive 3.4%, while the 10% with the highest incomes receive 35.5% of the total income of all households in Hong Kong. When Your Excellency promised us a rose garden in which there will be 20 000 places in the old peoples' homes and 6 000 housing units for the aged, it must be borne in mind that our elderly population is approaching 1 million. Even though the future policy may help to promote the prosperity of Hong Kong, so long as the abovementioned problem of polarization is not resolved, the stability of Hong Kong will be hard to maintain.

Another aspect of the policy address which commands our attention is the proposal to substantially increase the number of tertiary places, so as to almost double the number of young people of the relevant age group being admitted to the first year of first-degree courses. As a parent, I am certainly delighted to see the expansion of education opportunities for our children. However, the authorities concerned must be prudent in its planning work. In the 10 years of the Cultural Revolution in China, under the slogan of universal education, the number of secondary students increased by sixfold, producing for China today the world's biggest team of school teachers. However, it is the quality of education which remains the cause for worries. As degree places in Hong Kong will be doubled in future, we must give full consideration to the problem of the wastage of high quality teachers and adopt measures to enhance the standard of secondary school students in general. In face of the 1997 issue, the meaning of the quality of education should be redefined. Apart from imparting conventional textbook knowledge, we should look into ways to instil the students with a sense of responsibility for Hong Kong and China.

On the issue of medical services, Your Excellency seems to have unduly high expectation on the future Hospital Authority. At present, doctors are leaving government hospitals and nurses are leaving the hospitals in Hong Kong. These problems, in particular the latter one, can never be solved by the restructuring of the Hospital Authority. In the policy address, not a single word was said about the

serious wastage of medical staff, and a blind eye has been turned to the long-standing problems of training policies for nursing and pharmaceutical staff. This is indeed disappointing. In the recently published *The Right College 1990*, the professional status of American university graduates is ranked on the basis of the minimum point of their respective salary scales. Out of the 28 professions listed, nursing staff hold the 11th position, just one place below that of accountants. In Hong Kong, however, with the unhealthy operation of medical services, the status of nurses is being underestimated. The depiction of policies regarding medical services in the policy address further illustrates this point. The Government of Hong Kong should come to realize that a great number of nurses have been lured away from Hong Kong to foreign countries not only because of political reasons in general, but also due to the low status of nursing staff in Hong Kong. Quite a number of ambitious plans were presented in your policy address. Nevertheless, where medical services are concerned, apart from the White Paper published in 1974, there has never been any comprehensive review on the overall medical policy. Thus there is no long-term medical services policy which goes beyond 1997, nor is there any plan for the provision of medical services, medical education and training of qualified medical personnel. The present stop-gap measures adopted by the Government are by no means effective in defusing this time-bomb which is loaded with problems of medical services. It is hoped that the Government will publish a White Paper on long-term medical policy as soon as possible.

Turning to infrastructural developments in Hong Kong, the projects proposed in the policy address are by no means modest. In fact, I am even worried about the massive scale of the projects. It is hardly convincing that political factors are not involved in such a colossal programme which amounts to \$127 billion. In other words, though certain items of the mammoth infrastructural projects may have imminent demand, there are others which still leave room for further deliberation. Take for instance, regarding the development of port facilities, has the Government conducted various environmental analyses? In view of the fact that China's economy is now in a stage of contraction, what impact will it have on the entrepot trade and the demand of port facilities in Hong Kong? What implications would there be for other economic faculties after transferring massive resources to those infrastructural projects? Will the development of manpower resources as well as that of science and technology, which are conducive to the economic prosperity of Hong Kong, be thrown off balance as a consequence? How should we weigh the relative economic effectiveness of those infrastructural projects against other factors, such as the development of science and technology? Such information seems to be lacking in your policy address.

In conclusion, your policy address has, to a great extent, produced a magnificent and concrete impression of future development, but whether such massive projects can really bring forth prosperity for Hong Kong, or whether we would only be left with heaps of reinforced concrete, is something for history to tell.

Sir, with these remarks, I support the motion.

MRS. FONG: Sir, I was pleased to note that your annual address contained a realistic, optimistic appraisal of the future of Hong Kong.

Today, Sir, I would like to join you in your vision.

This territory has always been known for its resilience, diligence and efficiency. A truly capitalist city promoting free trade and free enterprise supported by an efficient, dedicated Civil Service. These are what have made Hong Kong one of the foremost cities in Asia and have gained the admiration of the world.

The Civil Service

Our Civil Service is made up of 185 000 men and women who together comprise a crucial 6.5% of our total labour force.

I strongly believe that certain things must be done to maintain the quality of the Civil Service, and to face the challenges for the coming decades.

First and above all, the Government must provide unwavering, categorical assurances that conditions of service and particularly pensions will remain intact after the transfer of sovereignty.

Secondly, certain changes must be instituted. The present Civil Service organizational structure is much too rigid and bureaucratic for the dynamic needs of Hong Kong. There is a need for individual departments to be granted greater autonomy and flexibility.

There is also a need for:

-- the development of rigorous training and motivational schemes;

- the enhancement of promotion prospects;
- the improvement of working conditions, and
- the installation of programs to engender a renewed sense of pride and achievement in being part of the Civil Service.

Though the present system is in need of improvement, we should not lose sight of the fact that, all in all, Hong Kong's civil servants have served us well. They have served us during our many years of growth and prosperity -- and during our few, short-lived times of crisis. Such will be the case in the future. As 1997 approaches, I have every confidence that the Civil Service will continue to be the backbone of the territory, setting an example for an efficient, stable Hong Kong.

The police force

Stability in Hong Kong is reflected in the overriding sense of law and order which abides in the territory. There was recent high profile focus in the foreign press about demonstrations and riots in Hong Kong. As we all know, this does not represent an accurate description of what local life is really like. In fact, we have an excellent, well-staffed police force and hard-working, generally law-abiding citizens. Put these elements together in a simple equation and the result is obvious: Hong Kong remains one of the safest cities in the world.

In the past, we have been helped by the British garrison, but in the future, the police force has to guard our internal security. Law and order is the bottom line for many people including investors to remain in the territory. I therefore believe that this Government must do its utmost to build up an effective, disciplined police force to guard the territory against uncertainties in the intermediate years and beyond 1997.

This, then, is my vision of Hong Kong. Despite all the talk and all the fear, I see a stable and secure territory for now and for the future. Equally importantly, I see a prosperous Hong Kong. The economic viability of Hong Kong is something we should never allow ourselves, or others, to forget. It is on this subject that I would like to conclude.

The economy

Sir, in your speech you rightfully pointed out that Hong Kong has a truly buoyant economy. There is no greater proof of this than the fact that we consider an annual GDP growth of 5% indicative of a disappointing year. Such "disappointments", I must say, are the envy of much of the world.

I say nothing new when I assert that China is the key to our future economic success. There, just over the border, is a country of 1.1 billion people and tremendous natural resources. International businessmen cannot, and will not, ignore China, as an economic entity, and that gives us a whole extra level of opportunities. Hong Kong has the best managerial, administrative, marketing, financial and communication skills to tap into that vast market and vast demand. We have been investing there successfully in the past; we will continue to do so with equal or greater success in the future.

As the 21st century dawns, international investors will look closely at the expanding Chinese economy. They will look to Hong Kong as the best city in China. They will look to Hong Kong to set up their core office for their operations and expansions into a major part of China. They can look to Hong Kong to provide a significant part of their managerial, administrative, marketing and communication skills. They can look to Hong Kong as the centre from which to raise financing for their operations in China. They will look to Hong Kong as there are no other cities in China that have the depth of infrastructure and skills that Hong Kong possesses.

Hong Kong's value to China goes far beyond our entrepot functions for China, goes far beyond the capital we invest to use China as a manufacturing base for Hong Kong exports. Hong Kong's value is in its people. In our ability to provide the bridge and the support for international investors in relation to their investments in China. It is therefore essential that this Government do all it can to maintain and enhance the strengths we currently possess in Hong Kong, an international city, we proudly call our home.

Sir, with these remarks, I support the motion.

MRS. LAM (in Cantonese): Sir, the message you conveyed to this Council and the public at large in your policy address this year is clear and definite. It is exciting to

all, and we appreciate how painstaking the Government has been with the task. Nevertheless, while it is necessary for us to fully exercise our enterprising spirit, resourcefulness and efficiency and to aim at achieving overall economic growth, it is more essential for Hong Kong to maintain a good relationship with China. Otherwise, even though we have strong confidence and the great courage to face challenges, we would suffer setbacks to a certain extent with consequences that are hard to estimate. Thus, I earnestly hope that China, Britain and Hong Kong will work together sincerely with a spirit of give-and-take so that the people of Hong Kong can live and work in contentment and peace, concentrate their efforts on various projects and continue to help in developing Hong Kong.

Infrastructural projects

Sir, the long-term mammoth infrastructural projects you outlined clearly reflects that the Government not merely works to meet the existing needs but also demonstrates to us its willingness to go beyond 1997 together with the people. In other words, our Government has indeed made great efforts and commitments towards the prosperity and stability of Hong Kong. In particular, when local confidence had been badly shaken in recent days, your decision to go ahead with the infrastructural projects is indeed heartening. I, too, feel most excited, and pledge my full support to your ambitious plans. I also hope that in following the plans of the Government, I can, together with my honourable colleagues, personally contribute to our society and serve our people.

The source of funding for the whole infrastructural programme estimated at a cost of \$127 billion no doubt gives cause for concern. But as you, Sir, have said, "We can afford it". Yet even though we have ample resources to carry out such mammoth projects, there is no harm for us to seek loans from international consortia apart from inviting individual developers to participate in part of the development. Such loans would not affect the recurrent expenditure of the Government. Moreover, by so doing, the status of our financial institutions can be strengthened and the views of international consortia on the future of Hong Kong can be gauged. Such measures are far better than cutting down government expenditure and curtailing the civil service establishment, particularly the police force, which would affect the morale of civil servants and the standard of public service, or the levying of taxes such as sales tax, which would only shift the financial burden onto the people.

Moreover, as the infrastructural programmes would entail an enormous demand on

labour, the Government should cautiously and systematically tackle the issue. Otherwise, the labour supply situation will be even tighter, and wages will be pushed up resulting in inflationary pressure.

As we proceed with the infrastructural works, the Government should also implement our environmental policies more conscientiously. Lessons should be learnt from the noise pollution problem created by the Kai Tai Airport to Kowloon City, and the same mistake should be avoided in the case of Tung Chung New Town where 150 000 residents may be affected. Massive reclamation projects may affect marine life; polluted water from the Pearl River delta may have an impact on our water quality and the natural scenery of northern Lantau may even be spoiled. The Government should monitor the situation and protect the environment so that a better Hong Kong can be built.

Education

The educational measures described in the policy address fully demonstrate the Government's positive attitude towards the cultivation of talents. You mention in your policy address that the foundations for the unprecedented political experiment of "Hong Kong people ruling Hong Kong" and "one country, two systems" must be laid securely in the next eight years. Knowing well that a firm foundation needs the people's support, Sir, you upgrade substantially the first-year places of first-degree courses from the current 7% to 18% by 1995, giving a total of 67 000 tertiary places and thus providing chances of receiving tertiary education for nearly 25% of the relevant age group. It is indeed an important piece of good news to local students.

Nevertheless, while expanding our tertiary places, we must not forget the provision of sufficient qualified teaching staff as well as ensuring the quality of both teachers and students. Otherwise, excessive enthusiasm in upgrading institutes to an unjustifiable level and admission of sub-standard students would only spoil the whole plan without achieving any result.

Furthermore, I fully support the proposal that basic training for kindergarten teachers should be improved. Given the demand by two-income families, the provision of pre-primary education service is no doubt necessary. Moreover, if our future pillars of society are nurtured comprehensively in the moral, intellectual, physical, social and aesthetical aspects even at the pre-primary stage, it will help build a better society in future. For what I have mentioned above, I hold that pre-primary

education should be regarded as an essential part in the whole education system.

At the same time, like the child care workers, pre-primary education teachers also need adequate training. Therefore, it is necessary to provide pre-service and in-service training in technical institutes and colleges of education, so that the quality and qualification of kindergarten teachers can be enhanced, and it is worthwhile to subsidize such institutes. However, while providing such training courses, a well-planned salary and promotion system should be ensured or worked out to avoid brain drain.

Besides, though it may be better to introduce a new fee remission scheme to replace the existing fee assistance scheme, yet the budget for the whole scheme only stands at \$10 million which is too insignificant to be of any use. Of the existing 230 000 or so kindergarten pupils, only 8 000 may benefit from the scheme. Therefore, I hope that the Government will announce the details of the scheme as soon as possible, so that operators of pre-primary education establishments can be better prepared and help the scheme to succeed. I also hope that funds allocated for the fee remission scheme would be increased according to actual needs, and a thorough and careful review would be made one year after implementation, so that both parents and kindergarten teachers would benefit substantially from the scheme.

Social welfare

With regard to social welfare, the policy address sets out a number of improvement proposals and there are plans to publish a White Paper on social welfare development in the 1990s. From this, we know for sure that the Government is keen on making a breakthrough in improving social welfare services and to take them beyond 1997 in order to cope with essential future development. However, I earnestly hope that in formulating the White Paper on social welfare development, the Administration would make a conscientious review and cater for the need of all sectors in order to strike a balance in the provision of services. Where there is inadequacy, such as in the definition of child abuse, the Administration must carefully and speedily enact legislation to plug the loopholes. Furthermore, before the enactment of legislation, there should be more extensive consultation and sincerity in inviting public participation in the formulation of policies. I believe this will facilitate team work for the well-being of Hong Kong citizens.

To fill the vacancies of social workers who have left, I would like to urge that

apart from increasing the intake of social welfare students in tertiary institutions and avoiding placing additional burdens on social workers, the Administration should promptly implement a manpower ratio and formulate long-term plans on manpower. Otherwise, our social welfare development will not get the necessary support and progress will grind to a halt.

Housing

Undoubtedly, Hong Kong's achievement in the provision of subsidized housing is outstanding. However, the middle-income or sandwich class seems to have been neglected. It is very common that the total monthly income of a couple exceeds \$10,000. However, with our cost of living continuously on the rise, it is a common phenomenon that after paying for daily necessities, children's education and rents, they are left with little money. Therefore, it is obvious that the income limit for the Home Purchase Loan Scheme and the Home Ownership Scheme, both set at \$10,000, is too low and unrealistic. This group of people have to pay high rents and are deprived of their right to enjoy the Home Ownership Scheme and own their own homes.

Recently, the Housing Authority has decided to increase the interest-free loan for home purchase, but it is indeed regrettable that the income limit of \$10,000 has not been relaxed. I hope that the Housing Authority can reconsider this in real earnest and readjust the income limit in accordance with the cost of living on an annual basis so that average families can also receive assistance to purchase flats. The sandwich class will thus have their own homes and will indeed feel that "Hong Kong is their home", so that they will stay and continue to make efforts to help build a future for Hong Kong.

Bill of Rights

I believe that the Government's prompt attention to the enactment of a Bill of Rights is welcomed by all.

The Government aims to publish a White Bill in the Gazette for public consultation by the end of this year. This is in line with the spirit of the Bill of Rights. However, before we embark on public consultation, I hope there will be corresponding publicity and promotion, so that our citizens will thoroughly understand the issue and voice their views through the proper channel. At the same time, I hope that the legislative procedure of the Bill of Rights will proceed as scheduled in your policy

address without delay. This is because the sooner we enact such a Bill, the sooner will citizens enjoy the basic human rights they are entitled to.

Representative government

Lastly, regarding the political system, I think that the Government should make a decision promptly as to the composition of the legislature in 1991. The OMELCO consensus which proposes that there should be one-third directly elected members, one-third from the functional constituencies and one-third appointed members, that is, 20 seats for each category, was arrived at after painstaking discussions by OMELCO Members. This progressive and acceptable model proposed for the transitional period is supported by most district boards. In October 1986 when the Green Paper on Representative Government was issued for public consultation, the Wan Chai District Board already requested that the Legislative Council should have 20 directly elected seats to be returned in 1988. Therefore, if there are 20 directly elected members in 1991, it is already late by three years.

Sir, with these remarks, I support the motion.

4.40 pm

HIS EXCELLENCY THE PRESIDENT: Members might like a short break at this point.

5.14 pm

HIS EXCELLENCY THE PRESIDENT: Council now resumes.

MR. LAM (in Cantonese): Sir, I was very much heartened on hearing your policy address. Since my service is mainly provided to the Islands District, some particular aspects of the address struck a chord of unison in me. At the very beginning of Chapter 6: Building for the Future: Physical Infrastructure, you state that a new airport will be built at Chek Lap Kok. This is indeed the wisest decision possible. In order to provide all the supporting facilities to the airport, the Government plans to build a new town to accommodate at least 150 000 people, plus various industrial and commercial facilities, in the Tung Chung valley. The project also takes into account the demands for other facilities and plans are in hand to build a rail and road system to link up the airport with other urban areas. Meanwhile, plans of another major

project are underway to develop a new port on the western part of the territory. This long-term and colossal infrastructural programme has offered us the vision of a bright and beautiful future for Hong Kong and greatly boosted our confidence. With whole-hearted support for these infrastructural programmes, I would now like to say a few words on them.

Before going ahead with these programmes, it may be necessary to amend the Consultative Document on Rural Planning and Improvement Strategy published by the then Lands and Works Branch in April 1989, and the Green Paper on Transport Policy entitled "Moving into the 21st Century" released by the Transport Branch in May. It is because most of the land on Lantau Island has been classified in the above two consultative documents as either country parks or rural areas, and no mention was made of a plan to build a new town in Tung Chung and Tai Ho. Moreover, the development of a rail and road system to tie in with the airport project was not taken into account either. It is hoped that in the course of amending the aforesaid two documents, the Government will respect the views of the local people, such as by expediting the construction of Route 3 and extending the Mass Transit Railway service to Junk Bay, so as to ease the uneven distribution of population and achieve a balanced development in various aspects.

In passing, I would like to make a few comments on the compensation rates for land resumption on the outlying islands. All along, the level of compensation has indeed been too low. In view of the airport and new town development projects, it is likely that problems regarding land resumption and village removal may arise. I hope that after its review on the outlying islands, the Government will put into application the established practices of handling similar matters associated with changes in other New Territories development areas. All matters relating to local interests should be settled in a fair and reasonable manner.

Sir, on the development of representative government, it has been expressly stated in the policy address that the Government would respond positively to the views of the public when decisions are taken on what further changes should be made to the composition of the Legislative Council in 1991. I welcome such an open-minded approach. However, I am still somewhat disappointed with the Government's decision "to abolish the present geographically based electoral college system of election" as stated in the White Paper on the Development of Representative Government: The Way Forward in February 1988. I feel that the district board constituency, which is different from geographical constituencies in nature, should be regarded as a

special constituency. It should by no means be abolished under a "cut and patch" approach to make room for other constituencies. Moreover, the present system of returning Legislative Councillors from the electoral college works well. The Government may actually consider increasing the number of Legislative Councillors in order to have a more balanced composition of the Legislative Council.

Sir, the Government's decision to build a new town in the Tung Chung valley and Tai Ho will inevitably add a burden to the system in Tsuen Wan and Kwai Chung. It is therefore necessary for the authorities to take appropriate measures to cope with the situation. Efforts should also be made to improve the public housing, medical, education, recreation, hygiene and transport services as well as travel, law and order and community facilities on the outlying islands. A sea and land transport network should be established, linking the outlying islands with other parts of the New Territories, Kowloon Peninsula and Hong Kong Island on the one hand, and the Pearl River Estuary on the other. In so doing, the whole development strategy will change course and Hong Kong will become a hub of air and sea transport in the world.

Sir, I agree with your analysis on the relationship between Hong Kong and China as outlined in the section, Hong Kong: the Gateway to China, in your policy address. The economic policy of China has a direct bearing on the export and re-export trade in Hong Kong. Economic co-operation between China and Hong Kong will promote the prosperity of both places. All the infrastructural facilities in Hong Kong should be geared to the needs of our future developments. I am sure that the relationship between Hong Kong and China will develop well under the spirit of mutual co-operation and assistance, mutual understanding and accommodation. Now is the time to work out all the necessary arrangements.

Sir, in your policy address, you are concerned not only with what Hong Kong is at present, but also what it will be tomorrow. You have opened up for the people of Hong Kong a road leading to a bright future and your faith in Hong Kong has consolidated our confidence. I whole-heartedly support the spirit of the policy address, and hope that all the programmes will be faithfully carried out to create a better future for Hong Kong.

Sir, with these remarks, I support the motion.

MRS. LAU: Sir, having heard your policy address, I can have no doubt in my mind that

Government is cognizant of the present social economic and political predicaments of Hong Kong and is genuinely striving hard within constraints to address the many problems which Hong Kong is now confronting. Our most serious and imminent problem is of course that of confidence. Your proposals in regard to the social and physical infrastructure of Hong Kong, set to be implemented within specific time frames spanning through 1997 and beyond, serve to give that certainty of Hong Kong's future which seem now to be so lacking. The rosy picture which you have painted of Hong Kong in the year 2000 may be considered by some to be too good to be true, but at a time when Hong Kong is jittery and pessimism runs high, visions of a bright future would surely provide a focus for looking ahead and may serve to relieve some of the anxiety and tension that exist within the community. In short, your policy address comes as a great confidence and morale booster to the people of Hong Kong at a time it is most needed and I sincerely congratulate you for the same.

As much as I acknowledge and appreciate Government's efforts to restore the confidence of the people, I cannot help having some reservations as to whether the therapy provided for Hong Kong's ailment is sufficient. Sir, you have proceeded on the premise that with large-scale physical infrastructure and substantial improvements in our social infrastructure, Hong Kong will remain a prosperous and stable society. But the best of infrastructural development does not guarantee stability. Without stability, people will leave, taking with them our reservoir of talents, experience and wealth; foreign investments will shy away and your vision of the SAR as a leading regional and international commercial and financial centre may be but a mirage.

Sir, you have recognized that many Hong Kong people feel a need to seek insurance policies overseas and that emigration levels are likely to be higher in the next few years. The present escalating rate of emigration is alarming and gives real cause for concern. Hong Kong is bleeding profusely of its professionals, entrepreneurs and talented people and unless the flow is abated, the resulting anaemia is bound to eventually debilitate the local economy. I note that Government intends to tackle the problem by enticing former residents who have settled elsewhere to return, importing outside skill and experience and developing our own resources through provision of education opportunities for our next generation and manpower training for those who stay. But all these depend on so many contingent and unknown factors. Former residents may not return, outside skills and experience, in particular those of foreign lawyers, may not suit the local market and those whom we now educate and train may take years before they can acquire the knowledge and expertise so essential

to maintaining Hong Kong as a vibrant business centre. The more practical and effective way is to provide Hong Kong people who are still here with the assurance of safety so that they may be persuaded to stay on in Hong Kong to work for its future. Our emigration problem clearly stems from a lack of confidence among our people in the implementation of the Joint Declaration and in Hong Kong's future generally.

Sir, you have agreed that if Britain would grant the right of abode to Hong Kong British nationals, it would have a very positive effect on confidence in Hong Kong. On my part, I wish to thank you for being so understanding and supportive of Hong Kong's case on the nationality issue but Britain's insistence on denying full British citizenship to all Hong Kong British subjects is not helping Hong Kong's situation one bit. The scheme which has been promised for many months is still alleged to be in the pipeline with no indication of any date for announcement. I appreciate that if the scheme is not for all but for only a limited number of key persons whom Britain believes to be indispensable to Hong Kong, it must be a difficult scheme to formulate and therefore takes time. But our people have waited far too long. Their patience are running out, there is widespread speculation and suspicion, hopes are subsiding and once again the bona fide of Britain to assist Hong Kong is put to question. No matter how fair Britain thinks the scheme is, the discriminatory and elitist treatment of those "screened in" must provoke acute resentment amongst those who are "screened out". The result is that divisiveness within the society cannot be avoided. Frustration and perhaps even panic may ensue. How to deal with and pacify the strong reactions that will inevitably arise out of that divisiveness will be a problem for this Government to deal with.

Sir, I agree that a scheme that provides something must be better than no scheme at all. I accept and look forward to the scheme but let there be no misunderstanding that as far as Hong Kong people are concerned, having a scheme for a limited number of people is no where near fulfilment by Britain of her obligations towards Hong Kong. I firmly believe that the stand which OMELCO has taken represents the stand of Hong Kong people, that is, that Britain has a direct and constitutional responsibility to restore full British citizenship to our 3.25 million British subjects in Hong Kong and a moral obligation to provide a safe and secure future for the entire population. I shall not repeat the arguments in support of our stand as we all know them very well. Suffice it for me to say that as a matter of principle, our stand cannot be compromised by any scheme which does not provide for all. How Britain proposes to fulfil her obligations is a matter for Britain, whether by way of one scheme or several schemes or enlisting international assistance or a combination of all these or

otherwise. But until and unless we can see that a safe and secure future for all the people of Hong Kong is guaranteed by concrete action taken by or led by Britain, the crusade for our cause will continue and we shall look to you, Sir, for support.

Another area which seemed to have directly or indirectly undermined public confidence is the manner in which our system of representative government has been allowed to take its indecisive course. The process of democratic development promised to the people of Hong Kong in 1984 when the Joint Declaration was concluded and which is believed to be part and parcel of the whole package appeared to have lost its way amidst noises made by China. Instead of our democratic process taking its natural course at a pace befitting to the development of our society, the public perception seems to be such that China actually dictates how much democracy Hong Kong should get both before and after 1997. I appreciate the importance of the pre-1997 political institution converging with the political structure after 1997 and I agree that the development of our democratic process should follow this important principle. However, since the Joint Declaration already provides for an elected legislature after 1997, the problem of convergence is not a real one as adjustments may be made in the number of seats to ensure that convergence does occur.

Sir, Hong Kong remains Britain's responsibility to administer for yet another eight years. During these crucial years leading up to 1997, this Government must be seen to be effective and responsive to the needs and demands of the people. Having noted the widely-held view that there should be a somewhat faster rate of political development in 1991, I am disappointed that Government should not see fit now to announce the revised composition of the legislature for that year. I am sure that Government is fully aware of the widespread support which the OMELCO consensus has commanded within the community. Whilst the proposals for 1995 and beyond under that consensus fall within the realm of the Basic Law, those for 1991 fall squarely on the shoulders of this Government. The OMELCO proposal for 1991 represents a masterpiece of compromise arrived at after full argument and careful deliberation. It is quick enough for the liberals, slow enough for the conservatives and flexible enough to enable convergence to be made with almost any later model under the post-1997 political institution. There can be no question of its suitability for and acceptability to Hong Kong. Sir, it is so important in this confidence-rebuilding exercise which we are going through for this Government to be seen to be taking the initiative in providing what the vast majority in the community has called for without having to wait for China to give clearance, provided of course that such initiative is within the ambit of the Joint Declaration. What OMELCO has proposed certainly

falls within the purview of the Joint Declaration and I urge Government to procrastinate no further in finalizing the political system for 1991 upon the lines of the OMELCO consensus.

Having voiced my disappointment and concern over the nationality issue and the development of the representative government, I feel, Sir, that perhaps I am not doing justice to the tremendous effort which Government is making to provide a better future for Hong Kong. A great deal of thought has undoubtedly been given to the many very attractive policy initiatives which you have come forthwith. In particular, I welcome the proposed enactment of a Bill of Rights for Hong Kong. This certainly is a positive move and shows Government's determination to guarantee and safeguard the future rights of Hong Kong people particularly after the transfer of sovereignty. Whilst personally I do not perceive any gross abuse of human rights under the present Administration, one cannot be so sure about the future. Our present laws do contain many oppressive statutory provisions which, though generally not enforced now as a matter of practice, give rise to legitimate fear and concern that when the political climate of Hong Kong changes, the individual's rights may no longer command so much respect. It is vital in the confidence-rebuilding exercise which Hong Kong is going through to be able to alleviate such fear and concern and to give assurance to our people that their basic rights will be protected and freedoms guaranteed now as well as in the future.

What worries me a bit is the fact that there will be a freeze period, yet undefined, after enactment of the Bill of Rights when existing laws cannot be challenged against the standard of the new Bill. Whilst I appreciate that as a matter of practicality some time would be needed to carry out the comprehensive review of our existing laws, I must point out that as and when the year 1997 draws near, people would become more sensitive and edgy and the sooner we put our house in order the better. May I suggest that the limited freeze period you referred to should not exceed two years and may I also suggest that since we already have basic concepts as to what our future Bill of Rights will be, work on reviewing existing legislation can actually commence now without awaiting enactment of the Bill. Furthermore may I also suggest that the Government gives some form of undertaking that pending full enforcement of the Bill of Rights, Government will refrain from enforcing those existing laws which are inconsistent with the spirit of the Bill.

Sir, whilst recognizing the importance and necessity of having a Bill of Rights in Hong Kong, I must warn against having unlimited rights and freedoms. If our

society is to be run in a fair and orderly fashion, certain limitations may have to be built into our Bill of Rights. But in setting such limitations, we must be sure that firstly they are reasonable and justifiable by the standards of any free and democratic society; secondly, such limitations must be carefully scrutinized and determined to be necessary in the light of social needs and thirdly, the extent of such limitations must be expressed in clear and unequivocal terms leaving no room for ambiguity.

Sir, in the policy debate last year, I emphasized the importance and urgent necessity of having a comprehensive youth policy. I am gratified to see the importance which Government is proposing to attach to our future leaders and I welcome the initiative of setting up a Commission on Youth devoted to development of youth services. I have said time and again that it is in the youth of today that our hope of tomorrow lies. The opportunities and training we provide for our young people today are no doubt essential but in my view it is also very important to inculcate in them the sense of belonging and responsibility to Hong Kong which is so necessary to encourage them to stay on as part of Hong Kong's future. I wish also to point out that improvement of civic awareness should not be restricted to our youth. Last year, I have called for more to be done by Government in the area of civic education. Events over recent months have undoubtedly woken up a strong sense of community in Hong Kong. More importantly is it now to educate and guide our people in the right direction so that they would be able to act sensibly and responsibly to the changes and challenges of our society. We expect to have the buds of our democratic process of government in place in the not too distant future. This will call for a greater participation by our people in the running of the territory and in doing so, a clear understanding of their rights and duties as members of this society is essential. Although civic education is not specifically mentioned in your policy address, I am pretty sure that this very important area ancillary to the development of Hong Kong will not be slighted by Government.

Sir, with these remarks, I support the motion.

MR. LAU WAH-SUM (in Cantonese): Sir, Hong Kong is going through a period when local confidence desperately needs boosting. I thoroughly support your decision to go ahead with the investment projects in respect of the new airport, the new harbour facilities and the associated infrastructural development. Such far-sighted projects, apart from boosting confidence, will also consolidate Hong Kong's position

as an entrepot. They will furthermore strengthen Hong Kong as a logistical base to assist in China's economic development and maintain Hong Kong's reputation as well as its role as an international city.

First of all, I would like to express my views on the proposed infrastructural projects. In the past, the Government had project management experience relating to major projects, such as railways and tunnels. However, the challenge facing the Government in this case, whether in terms of scale, complexity, time frame or financial commitment, is indeed unprecedented. The delay of any individual project will affect other associated projects which will in turn be detrimental to the economic benefits of the entire programme. For instance, despite the early completion of the Eastern Harbour Crossing, the lack of co-ordination with the Tate's Cairn Tunnel project and other associated road networks has resulted in inability to bring about the projected economic benefits of the east Kowloon transport project. The proposed infrastructural projects constitute an indispensable part of Hong Kong's overall development. In order to maximize the envisaged economic benefits, co-ordinated programme management should be introduced to harmonize the overall development of the programme.

As far as funding is concerned, I believe that local and international corporations (including Chinese-funded corporations) will be more than happy to become involved in various parts of the overall development including the securing of loans and funding arrangements. In respect of the commercially viable investment ventures, it is hoped that the Government will continue to hold a small equity stake in them, and where appropriate, operating companies should be given franchises in return for the carried stake, so that Government can share their recurrent revenue in future to enrich the coffers.

Looking ahead, Hong Kong will be increasingly important as an entrepot as well as a service centre (particularly in the field of finance) and high-tech manufacturing centre. However, I must emphasize that future developments should not be solely confined to physical infrastructure. In addition, Hong Kong must strengthen its market promotion and enhance its financial and research capabilities with a view to moving towards high value added products. This will help to improve the quality of life and retain local talents.

Furthermore, what is even more important is to lay emphasis on research and development, because our investment in these areas falls far behind our international

market competitors in the Pacific Rim. I would like to urge the Government to commit more resources in these areas, to the extent that they would take a more reasonable share of the GDP. I further hope that more research programmes would be initiated by local tertiary and training institutes in conjunction with international corporations on a joint venture basis. The Government may also wish to encourage and assist tertiary institutes to develop along this line. More funds should be given to various tertiary education institutions for conducting applied research programmes. The Government could also consider enacting legislation requiring some franchised corporations to initiate annual research programmes and consultancy research work at a certain level, to be taken up by the research and development institutions.

Sir, while planning for the infrastructural development, we should also pay attention to the important role played by our civil servants in the development of Hong Kong. As pointed out in paragraphs 25 to 26 of your policy address, we will depend on the Civil Service for continuity and stability in Hong Kong. Hence, we need more than ever before to ensure that the service of civil servants are delivered with consistently high efficiency.

It is increasingly apparent that our civil servants have been under great pressure in coping with the domestic and external changes. Civil servants' worries about their future are manifold, with the question of pension being one of their major concerns. They worry that the future Special Administrative Region Government may not have adequate recurrent revenue to pay for the pension of civil servants after 1997. It is because under the current arrangement, pension is paid out of the recurrent revenue. No arrangement has been made by the Administration to set aside certain assets for the pension of retired civil servants in future. Hence, the farther away the retirement date, the more disturbed the civil servant feels. Ironically, the Government always encourages the private sector to set up their independent pension fund schemes, with the assets separated from those of the employers. It is absolutely unreasonable if the Government does not set an example in this regard.

In this connection, I urge the Government to establish an independent pension fund for civil servants to finance this long-term commitment. Undoubtedly, the amount of money involved would be colossal. In order to provide sufficient assets to meet the accrued liability worked out by the actuary without creating formidable financial difficulties to the Government, I suggest that the Government should

allocate to the pension fund fixed assets with profit potentials, for instance, land in the replacement airport, land resumed from the existing airport with redevelopment potentials, existing railways, tunnels and other equities with commercial value. All these can be used to meet the bulk of the accrued liability, and the remainder can be met by the issue of redeemable certificates. Such transfers would not lead to any adverse impact on the overall financial situation in Hong Kong. As regards recurrent contributions in future, the Government should put into the independent pension fund scheme an amount equivalent to a certain percentage of the annual expenditure on civil service salaries, the rate of which will be decided by the actuary.

The pension fund should be set up in the form of a trust fund, to be professionally managed by one or more international investment trust institutions. The fund assets should be composed of the above-mentioned fixed assets, redeemable certificates and an annual prescribed percentage contribution from the Government. Initially, pension payments can be made by cashing redeemable certificates. When all certificates are redeemed, the revenue yielded from Government's contributions and investment yields should be sufficient to provide funds to meet all subsequent payments.

To adopt such an arrangement is most reasonable; otherwise, when the future Special Administrative Region Government takes over the assets, it will have to shoulder an accrued liability of civil service pension which has yet to be calculated by the actuary. Thus, what I have suggested is a clear-cut and definite approach to deal with this accrued liability before the handing over of Hong Kong in 1997. This arrangement is also in line with the principle of pension fund: the pension fund assets should be separated from the employer's assets. I believe that this new approach which represents a break from government conventions will engender a greater sense of security among civil servants and go a long way towards boosting their confidence in the future government. I suggest that a committee should be set up with membership composed of professionals from various sectors concerned, with a view to examining further the feasibility of the idea. As this is a preliminary concept, there are numerous technical difficulties (such as the assignment of interests in land) to be overcome.

Finally, let me add that while striving for the goals of democracy and freedom, Hong Kong people must also realize that its strength lies in fact in its irreplaceable role in the economic and technological development of China. Thus, upon entering

the next century, Hong Kong must continue to maintain its status as a prosperous international city, preserve its close relationship with China and continue to contribute to her economic development.

Sir, with these remarks, I support the motion.

DR. LEONG: Sir, I rise to express the medical and dental professions' appreciation of your concern in the development of the medical system of Hong Kong. Sir, you devoted some six paragraphs to the medical and health services in your policy address in 1988 but only four paragraphs this year. I have been asked by colleagues of mine whether this means that most of the problems of our ailing medical system have been solved. Though critical, as I am, like most doctors, I believe in giving credits where credits are due and I have to admit that the seemingly impenetrable concrete wall of the Administration which has resulted in the sorry state of the present medical system is slowly opening up and I do look forward to a full disintegration of this barrier so that Government and the profession can really work together for the health of the community.

Regrettably, Sir, most of the improvements suggested or implemented so far are either aimed at "shoulder-patting" or "crisis-solving". At best, some of these are "management exercises". The basic faults underlying the health system, however, are obvious for all of us to see. If I may be so bold, Sir, it would be right for me to say that the faults of the medical service at this time are two-fold:

1. The failure of the Government to demonstrate a strong commitment in the delivery of a satisfactory medical service; and
2. The lack of a workable policy to base on for now, and into the future.

It is exactly these two faults that brought about the discontent of the doctors in public service culminating in their industrial action; the dispute of the School Medical Service; the shambles of the government clinics and hospitals; the wastage rate of government doctors; the oversupply of dentists and of course the dissatisfaction of the public. It would require a lot of hard work to remedy this ailing status. The Hospital Authority (HA), the Primary Health Care Working Party and the Academy of Medicine that you, Sir, have highlighted in your policy address are, of course, extremely important but they will not work without the conviction of the Government in a well-planned direction.

Take the Hospital Authority as an example. The Provisional Hospital Authority (PHA) was formed last October and according to your address, Sir, the HA will be established by April 1990. Yet with all the good intention of the members of the PHA to produce a report to meet the objectives of providing an even better quality health care to the patients and a better pay package to staff, the HA will only be as good as what Government is willing to commit -- unless the Administration is willing to commit itself to the suggestions of the PHA within reasons, the future public hospital system will only achieve a white wash effect.

Other examples of the lack of conviction by the Administration are yours for the asking. When the profession was up in arms in protest against the ever increasing undesirable medical advertisement, the Administration resolved to appease the doctors by amending the Ordinance to increase the penalties. Some were appreciably very happy with such move and claimed great achievement. Little does the Administration realize that it is pointless to increase penalties if there is no prosecution. Say not what the amended law can do for us, but ask how many such advertisers are so far prosecuted and how better our public being protected so far?

The problem of Chinese traditional medical practice and Chinese medicine is another good example of Government's lack of conviction. For years the medical profession has been concerned about the lack of control and regulations of Chinese herbs, patent medicine and the inadequacy of monitoring Chinese traditional herbalists. Hiding behind the shield of "Chinese tradition", the Administration has turned a blind eye to the need of the profession. When complications became obvious and even life threatening, the usual response to public outcry was to form a working party.

The shambles of our public hospitals yet demonstrates another facet of Government's inertia. As early as 1974, the White Paper on the future development of medical services in Hong Kong, one of the objectives was to decrease overcrowding. Since then, more hospitals have been built, yet overcrowding is ironically more pronounced. Compare with other Southeast Asian nations, where there is healthier hospital bed to population ratio. One example is Singapore. They do not have overcrowding while ours are taken as a matter of fact. Are Hong Kong residents a weaker race?

The confusion of the School Medical Service (SMS) scheme can well be traced to

yet another lack of government policy. Is it intended to be a health screening system for school children or is it a comprehensive treatment programme for this age group? If it were to be a treatment programme, then is it to be a charity undertaking by our doctors, or is it a subsidized government medical programme? If the former holds true, the doctors deserve and should be given the credit. If the latter is true, then it is ironic that the government subsidy for any out-patient service is \$60 per visit while in the SMS scheme, the yearly subsidy, irrespective of the number of visits, is only \$65. Such lack of policy guidelines has led to confusion, abuse and mistrust of the whole scheme. The result is that every party involved is left in dismay - - the patients (or their parents) are disappointed; the doctors feel cheated and the Government wasting money.

When all these problems are in an almost unmanageable state, instead of looking ahead, the Administration retracts into a "crisis-solving" state -- when there is hospital overcrowding, a consultant is called in at a phenomenal sum to help solve the problem of overcrowding; when the government doctors took up industrial action to reflect their age-old frustration, the Administration resolved to form a high-power committee to attempt pacification; when even the public showed discontent with primary health care service, a working party was then formed to look into the matter. Why does everything have to wait until the bubble bursts? Why do we have to wait until, to use the phrase you coined, Sir, the Armageddon scenario?

It would not be complete if I do not bring out the problem of the dentist and the inherent fault of the dental service, for they highlight yet another aspect of Government's inertia and lack of vision. The 1974 White Paper recommended that "the dentists in the Medical and Health Department provide a full dental service for government officers and their families and government pensioners. The Department also provides simple dental treatment for inmates of penal institutions, specialist treatment of patients in government hospitals, and emergency treatment for members of the public. All other dental treatment is carried out by private practitioners."

It also stated that "to introduce a general dental service on a scale comparable to the Government's medical service would be an extremely costly development, and one beyond the Government's ability at this stage to finance and to staff".

A decade and five years have gone by, when much has changed in the infrastructure of Hong Kong, and extra resources are put in developing others, yet the provision of general dental service to our only valuable resources, that is, our people are

not even reconsidered. Sadly, even the newly-formed Working Party on Primary Health Care does not include dental health in its terms of reference.

There is, therefore, Sir, a real and urgent need for a complete review of the health policy. It is essential that Government should define its ultimate objectives in the provision of health care. The previous hailed principles of quantity in place of quality will not sustain the need of the 1990s and into the 21st century.

The last White Paper on medical policy: "Further Development of Medical and Health Services in Hong Kong" was published in 1974, some 15 years ago. Another review is long overdue and the call for another policy paper is imminent.

Two other issues need more detailed deliberation. They are medical manpower and medical funding.

Medical manpower

In spite of the ever good intention of the Administration to retain staff, there is still the political reality to consider. The problem of medical manpower has therefore to be looked at in a more pragmatic manner. With the expected exodus in the run-up to 1997, there will be a crisis of manpower shortage in public hospitals. The idea of employment from overseas will never do, for they will never replace the loss of expertise of well-trained local staff. Quality and standards should never give way to quantity. The Hong Kong Medical Association (HKMA) has recently taken an in-depth look into the problem of medical manpower supply. Taking into consideration that there is also a need for a closer linkage between the private and public sectors of doctors, the idea of utilization of available manpower from the very large pool of private doctors deserves more than a flickering consideration. We have currently some 6 000 in our registry. Of these only 46% are in government and subvented services. Yet these 46% are looking after the patients of some 90% of all available hospital beds in Hong Kong. In the past and at present still, a rigid barrier divides the medical service of Hong Kong into either completely private or completely public, basically to nobody's benefit. In fact, the medical profession, by allowing such sectorization, has in reality permitted an inevitable lowering of standard and wastage of talent and at times generated a sense of helplessness. Why not improve both -- for example, staff shortage and unnecessary division -- by better integration between private and public doctors?

Perhaps one of the ways to go about it, and this will be looked at in more detail by HKMA and hopefully by the Administration, is to offer all doctors who have reached consultant status the following choices in the public sector service:

1. full salary contracts; or
2. part-time contracts; or
3. sessional contracts for expertise on occasional needs.

Such arrangements will clearly allow better economic utilization of the manpower in both sectors. Whilst those on full salary contracts will be provided with the equitable terms of service and privileges, the part-timers will have the opportunities to benefit from the training and learning environment and to contribute back their expertise.

Related to the same subject of manpower is the need for medical administrators or medical managers. For whilst the Administration is trying to promote a better hospital management concept through the HA, it falls short of the necessary human resources to achieve it. Human resources do not grow on trees but need training, nurturing and cultivating to mature. We need people to manage 35 public hospitals. We have to start now. It is already late but it is always better late than never.

A few words on medical funding

Sir, adequate medical services can only be achieved through proper funding.

Three issues need to be properly addressed and they are: the source, the distribution of use and the proper management to provide effective and efficient utilization. This, Sir, is in line with your own thought. And I quote from your policy address: "Increased expenditure does not necessarily translate into higher standards. What is really important is the way the money is used and how well the facilities are managed."

The current system is ineffective and definitely not conducive to optimizing utilization. The current source of funding for public medical service is from the general government revenue. A lump sum is allocated to the hospital and health services and is distributed to each clinical unit and department in an arbitrary

manner, after going through, of course, the normal annual budgetary exercise. With this sum the unit is expected to provide a "comprehensive" care on a first-come-first-served basis. It is "comprehensive" only up to the extent of service available. There is little or no information as to the cost of each item of service. The fund is poorly managed as there is no demand to prove cost-benefit, cost-effectiveness and cost-efficiency. Furthermore, there is no incentive for the clinical units to save as all unused funds go back to the general revenue pool.

Service and care is provided to all in a haphazard manner. There is no designation as to whom in the community is eligible for public medical assistance. Since the available funding resources will not be adequate to provide a comprehensive care for all in Hong Kong, available care will only be provided to those who are willing to receive and even then on a first-come-first-served basis.

6.00 pm

HIS EXCELLENCY THE PRESIDENT: Dr. LEONG, I am afraid I must interrupt you. It is now six o'clock and under Standing Order 8(2) Council should now adjourn.

CHIEF SECRETARY: Sir, with your consent I move that Standing Order 8(2) should be suspended so as to allow the Council's business this afternoon to be concluded.

Question proposed, put and agreed to.

HIS EXCELLENCY THE PRESIDENT: Dr. LEONG, please continue.

DR. LEONG: Government must, therefore, come clear with a definite direction of health economics and unless such funding issues are properly addressed, the mere improvement in management structure and staff benefit of the proposed hospital and primary care system will not provide the reforms that the public medical system needs.

It is very obvious that no matter how one waves the magic wand to rearrange resources allocation for health care, it will never be able to catch up with the rapid increasing cost of medical care nor the insatiable demand of the public. Other sources of funding must be considered. There is a need for a funding system that is suitable for Hong Kong and acceptable both to the public and to the staff. There

is a need to have a way to identify which sector of the population that can and cannot do without subsidies for medical care. Some kind of a means test may be inevitable. At the same time, it is essential that Government must define which part and what level of the medical service that it is willing to provide for everybody in Hong Kong.

There is also a need to encourage excellence, but with an eye on cost.

How best resources can be utilized must be based on sound information through a continuous data input and clinical audit.

Finally Government should not forget to define the level of training of the working personnel, for on them depend the quality and standard of care that the population will benefit.

Sir, I am all too aware of the fact that the medical service is only a microcosm in a macrocosm of Hong Kong, and that solving the medical problems must take place in parallel with tackling the whole problem that surrounds us. In the same issue the introduction, the implementation and the success of the very ambitious infrastructural projects that you, Sir, have planned for Hong Kong will only work if our political climate remains stable and acceptable. There is no doubt that the people of Hong Kong are desirous of a faster pace of representative government and that they are asking for a legislature that can be accountable to them by 1997, that is, reflecting the true spirit of "Hong Kong people ruling Hong Kong". Some would say that the Basic Law consultation period is over, but that does not mean Hong Kong will have to stand still. Changes must be made within the spirit of the Joint Declaration in response to the will and wishes of the people of Hong Kong.

I would put it to you, Sir, that whatever political model that one looks at for the future of Hong Kong, it must not conflict with the basic rights that every citizen is ensured in his participation in political affairs as listed in the International Covenant on Civil and Political Rights.

The important thing is that the basic principles for any electoral system should be that it must be equal, fair, open and free.

The OMELCO consensus on the political structure in the run-up to 1997 and beyond satisfies all these principles. What is more: it matches with the wish of the people of Hong Kong for a faster democratization at a steady pace.

Finally, on the issue of human rights, I welcome the imminent introduction of a Bill of Rights which would clearly provide a better protection of freedom for the population. To go through all the legislation to ensure that they will not be contradictory to this Bill will be a mammoth task. Yet to take two to five years to accomplish this task is not in the interest of the public. I propose the setting up of a Human Rights Commission with members from the Legal Department, private sector and academics, both local and overseas, to deal with this matter.

Sir, it has to be our prerogative to have a society that is stable, prosperous, and healthy and to have a government that cares!

With these remarks, Sir, I support the motion.

MISS LEUNG (in Cantonese): Sir, your policy address delivered on 11 October at the start of the new Session of the Legislative Council is a unique document which represents a departure from the tradition of previous policy addresses. I see it as a very special policy address produced in very unusual times and under very unusual circumstances.

What are unusual times? Sir, we are living in very unusual times. Your policy address was delivered 20 days away from the closing date of the public consultation exercise for the Basic Law of the Special Administrative Region, and approximately five months away from its promulgation.

The future Basic Law will not only direct the capitalist system in the 50 years from 1 July 1997, but it will also have a great bearing on the development of our present system between now and 30 June 1997. This is a fact that we have to seriously face up to, and fully understand to be inevitable.

What are unusual circumstances? Sir, I believe that Hong Kong is in the midst of unusual circumstances. It must be acknowledged that Hong Kong people have had some misgivings about the prospect of Hong Kong reverting to Chinese sovereignty, and becoming a Special Administrative Region, in seven years and eight months time; such misgivings have existed ever since the start of Sino-British negotiations on the future of Hong Kong. The tragic incident which happened in Beijing on 4 June this year, hard to forget as it were, has apparently dealt a further blow to our confidence. What is more, there have been incidents of unnecessary confrontation

between China and Britain in the wake of the June 4 tragedy. Confrontation incidents which happened recently in Hong Kong and their aftermath would only cause jitters and further erode public confidence.

Meanwhile, the June 4 Beijing tragedy has resulted in a profusion of opinions expressed on the future Basic Law, particularly in respect of the future political system, which has become a subject of intense debate. The spokesman for each political model invariably lays claim to representing the widest public opinion, as well as being in the best position to complement the future development of capitalism in Hong Kong. Nevertheless, it is also clear that, with the exception of the consensus model of the OMELCO which legitimately and systematically represents public opinion through the widespread support it has secured from the district boards and the Urban Council, the other models are all lacking in hard evidence of their representativeness.

The consultation exercise undertaken by the Basic Law Drafting Committee has been conducted in a manner and with an attitude which leave much to be desired. The exercise has come to a close without the drafting committee ever taking the initiative to solicit public opinion on a massive scale, let alone conducting a referendum on the issue in response to public request. No opinion poll has been conducted by authority of the committee to scientifically canvass public views; no attempt has been made to similarly seek out representative views in a precise and systematic manner. As I said at the debate in this Council on the draft Basic Law of the Hong Kong Special Administrative Region on 1 June, while individual views presented to the consultative committee are valuable in their own right, they are essentially the views held by the individual organizations and persons concerned. They are not representative of the community as a whole, let alone indicative of the views of all residents. Not only have they failed to adhere to facts, they even went out of the way to produce and promote all kinds of political model, treating them as views generating from the public, in a fit of narcissism.

The most frustrating point of it all is that word has been spread around, and indications are getting stronger every day, that the most conservative, most backward model, in the shape of the so-called bicameral model, seems to have already won the heart of many a Basic Law drafter. Indeed, that model is a far cry from modern capitalism, let alone socialism, being so much more akin to the capitalist system as practised in the eighteenth and nineteenth centuries, which featured the absolute dictatorship of the capitalists with all its colonial overtones, but which has long

been discarded by the capitalist mainstream and buried in the historic graveyard. If it should turn out that such a system should be accepted for the main content of our political system, I have no doubt at all that public confidence will be further eroded.

Why is the policy address such an unusual one? Sir, I believe the policy address you delivered recently has been an unusual policy address. Unlike the conventional policy addresses, it was delivered more for the benefit of the international investors and the Chinese Government than for the average man in the street in Hong Kong. Convention has it that a policy address should be basically concerned with the economic and social problems faced by the public and future development generally.

The policy address is therefore a hurried statement to the world, to the international investors in particular, that in spite of the June 4 incident in Beijing, and the resulting political uncertainty and unrest in Hong Kong, our economy has continued to prosper. As a matter of fact, the policy address assuredly concedes that the implication of what happened in China for Hong Kong's economy is that the growth rate might have been slightly checked.

It all comes down to a very simple message that Hong Kong remains a treasure island, a paradise for investors.

Naturally, the policy address makes a candid account of the undesirable repercussions of the Beijing incident on June 4 in Hong Kong, for the benefit of the Chinese Government, and I quote: "In May and June, confidence in Hong Kong was badly shaken by the tragic events in China. People became more nervous about their future. Investors have shown signs of being more cautious in assessing the territory's prospects." You expressed to the Chinese the view that our legal system and freedom of the press are very much to be treasured and should not be undermined in any way. You went on in your address to proudly speak of Hong Kong's value to China, and I quote: "We can strengthen the basis of our special future political status by the contribution that we make to the modernization of the Chinese economy and by the access to world markets, advanced technology and expertise that we can provide for China."

All in all, Sir, you have sent a very clear signal to the Chinese Government, which is that Hong Kong's advantages and success have not come about by chance. It is up to China to keep her word that her basic policies towards Hong Kong would remain unchanged, and to take immediate steps to restore public confidence in the future

of Hong Kong.

Sir, your policy address has devoted a lot of space to future development, which forms the most important and voluminous part of it all, being grouped under three categories, namely, political, social and infrastructural. In delivering the policy address itself, you made a point of going over the details of massive investment plans which would ensure the continued stability and prosperity of Hong Kong. You told us how the Government would go about building a better Hong Kong through the massive plans in the areas of political, social and infrastructural development. All this is a reflection of the Government's commitment to the future of Hong Kong within the limitations of its power.

Sir, in so far as the three areas are concerned, I think that a more realistic order of priority should be social, infrastructural and then political development. Under the present unusual circumstances, political development should take into account the Basic Law which would soon be promulgated for the Special Administrative Region. The latter will have a considerable bearing on the developments in the other two areas. It is in this context that political development is of paramount importance for the future of Hong Kong.

Because of the reality I just mentioned, and the time constraint, I shall try to be brief, and limit the scope of discussion on the social and infrastructural developments. Political development will have the greatest bearing on the future development of Hong Kong, far outstripping developments in the other two areas in terms of significance. I would therefore like to discuss political development later on in greater depth.

Sir, housing should be an important component of social development for the future. We would therefore like the Government and the Housing Authority to thoroughly implement a long-term housing programme so that each and every household in Hong Kong would have a decent home, at affordable rent and mortgage prices, by the year 2001. As a member of the Housing Authority, I call on the Government to make available sufficient land at the appropriate time, and basic facilities to go with the public and private housing projects.

Sir, the physical infrastructural development plan outlines expansion on a comprehensive scale, with the most impressive being the multi-billion dollar new international airport project at Chek Lap Kok and the new port development project.

Actually, these projects were mentioned in the previous policy address, with the commitment that a decision would be announced in the policy address the following year. At any rate, it is a big boost to confidence that the Government has taken the decision to implement such a vast infrastructural development plan in the light of the unusual circumstances.

My view on infrastructure has always been that it should be expanded appropriately to synchronize with the satisfactory performance of our economy. There is no doubt that our continued economic development relies on a new international airport, new port facilities and new telecommunications services.

Because of the vast investment involved in the new port and airport development projects, it is up to the Government to go about them cautiously. I think that the Government should set up a co-ordinating group with cross membership from various departments to oversee the development.

I made the point in the debate of last year's policy address that private capital should be used to assist the large scale development projects. I also recommended that a statutory body may be set up by the Government to take charge of part of the infrastructural development, and another statutory body to take charge, under the effective supervision of the authorities concerned, of the planning, construction and management of the new international airport.

Insofar as urban renewal is concerned, the Land Development Corporation, on whose board I sit, is the only statutory body specifically charged with the task of urban renewal. However, our work progress has been unreasonably held up for eight months, due to the failure of the relevant departments to forward our four development projects to the Town Planning Board. We therefore cannot but query whether there is some problem with the working procedure of the departments concerned or whether there exist some other causes for delay. And what solution could be found to any such problem?

Sir, insofar as political development is concerned, the development of representative government between now and 30 June 1997 will definitely be influenced, if not constrained, by the Basic Law of the Special Administrative Region. This is likely to be quite inevitable, and will not be altered by personal will. What we all hope to see is that any political change from now until 1 July 1997 and 50 years thereafter should first of all have taken care of the wishes of the public, and secured their genuine and wide endorsement; secondly, whatever change there will be, it should

not affect the stability and prosperity of Hong Kong.

Sir, we will very soon have to face the issue of distribution of Council seats in our next Session. Given the inevitability of directly elected seats, the general public are well aware of the pragmatic, and more progressive, consensus model sponsored by the OMELCO. Our consensus is that by the year 1991, the Council should consist of directly elected seats, functional constituency seats and appointed seats, each accounting for one-third of the total. It is up to the Government to accept this model, which is the most representative of all.

Directly elected seats in this Council, though late in coming, will for the first time relate our system to the major capitalist trend, which is itself ever developing and has so far proved to be quite successful. We look forward to our democratic politics laying the first milestone in the great building enterprise of a democratic political system.

A truly democratic election is not possible without universal suffrage. The directly elected seats of this Council to be created next Session will be contested in different electoral constituencies, on a one-man-one-vote basis, leaving it to voters to decide who to represent them. To forestall candidates winning on a very small number of cast votes, thereby defeating the purpose of democracy, each electoral constituency should have only one, at most two seats.

It is only through a genuine and full scale democratic electoral system that the people could exercise their inalienable right to vote. Universal suffrage would enable people to exercise their equal right to vote for their representative, irrespective of their sex, race, religion, wealth, occupation and affiliated organization, something which is entirely different than would be the case in a functional constituency election. In any case, all adult citizens would be treated equally, and all would enjoy the basic human right of electing and being elected, nominating and vetoing.

Sir, we understand that the concern for human rights and enactment of a Human Rights Bill is part and parcel of the current major capitalist trend. It is not such a novelty either. In February 1948, the United Nations General Assembly passed the World Human Rights Declaration, which says that every individual should be entitled to various basic freedoms and political rights, together with certain other economic, social and cultural rights. Meanwhile, a Human Rights Committee has been set up by

the United Nations to monitor the human rights situations in all countries around the world, in order to safeguard human rights. Quite regrettably, it was not until 18 years later, that the United Nations promulgated the Draft International Covenant on Human Rights in December 1962. And it was not until another 10 years that the United Kingdom, sovereign state of Hong Kong, finally became a signatory in 1976 to the International Covenant on Civic and Political Rights and the International Covenant on Economic Social and Cultural Rights, which together made up the International Covenant on Human Rights.

It is understandable that, Hong Kong being a considerably advanced capitalist society, people of all sectors of life have joined in the intense discussion on human rights, and urged for the early enactment of a Human Rights Bill to consolidate the human rights that we have already, or are entitled to enjoy. It goes without saying that we need to keep up with the major international trend. It is in this connection that I think we should implement the Human Rights Bill as soon as possible, in the interest of the community. We also hope that the Bill will incorporate all the provisions of the International Covenant. The authorities concerned should faithfully implement the provisions of the Bill.

Sir, the Basic Law of the Special Administrative Region will inevitably decide the direction of capitalism as practised from 1 July 1997 to 30 June 2047. The Basic law has a great bearing on the future of the vast majority of our residents. The Basic Law is an issue of the most, if not the only, concern at this point in time.

As we all know, according to the Sino-British Joint Declaration, Hong Kong will revert to China on 1 July 1997, to become a Special Administrative Region under its sovereignty. China has reiterated its commitment on various occasions that Hong Kong will be governed on the most imaginative principle of "one country, two systems", which is not going to be changed, will allow Hong Kong to continue to prosper with the development of the present capitalist system for another 50 years from 1 July 1997. The special feature of the Special Administrative Region is that it enjoys a high degree of autonomy, and that it is to be self-administered by Hong Kong people. The Basic Law is a mini-constitution of the SAR, and it will in its enacted form implement and uphold the spirit of the Sino-British Joint Declaration.

Sir, we understand that it is up to Hong Kong to continue to appropriately develop the existing capitalist system under the "one country, two systems" principle for the next 50 years from 1 July 1997. It is for this reason that Hong Kong should continue to keep in line with the current major capitalist trend, which is still

developing and has proved to be quite successful so far. It is the only way that the existing capitalist system can continue to succeed, and develop to a higher level of achievement.

Sir, I cannot emphasize too much the premodifier "existing" which I attach to our large capitalist system, because there is a practical need for it. There is an obvious and substantial difference between the present capitalist system and that practised in the eighteenth, nineteenth century. The old system has evolved into the current system as a result of modern knowledge, including rapidly increasing scientific know-how, and the strengthening of the middle class that comes with it. The old system has been discarded for it has already accomplished its historical function and could no longer meet the needs of modern times.

What kind of a system was capitalism in the eighteenth, nineteenth century? Karl MARX and Friedrich ENGELS shared the view that it was an absolute dictatorship of the bourgeoisie, a system founded on the basis of allowing the bourgeoisie to exploit hired labourers, and the marginal value, through their monopoly of the means of production. Generally speaking, the bourgeoisie refer to not only people with the capital, but also their agents. It was a time when they oppressed the proletariat, without any check and balance. We could have a glimpse of the social conditions by reading such novels as David Copperfield by Charles DICKENS. What happened to the protagonist was also relevant to other characters who lived under the same social system. The novel also gives us a vivid picture of how the proletariat and other labourers, such as child labourers, were cruelly exploited by the bourgeoisie.

Marxism takes the economic system to be the foundation of any social system, which is taken to mean the summation of all relationships involved in production, mainly the mode of ownership of the means of production. The social system also includes the various political and cultural systems of the superstructure, which works for the economic system and is evolved from it. Eighteenth, nineteenth century capitalism, by virtue of the political system which works to uphold the economic system, must necessarily feature the entire monopoly of all political power by the bourgeoisie. It turned out exactly that way according to history books.

Marxism also believes that democracy is part of the superstructure, and should in its political sense be used to serve the economic basis. Democracy is real only when it is spelt out in specific terms, and unreal when it remains an abstract term. In this connection, the so-called democracy as practised in the capitalist system

of the eighteenth, nineteenth century was only relevant to the bourgeoisie in spite of its trappings of popular election and parliamentary system. The common people were not included. It was a far cry from the popular election and parliamentary system as practised in the new capitalist system. Charles DICKENS made a point of ridiculing the popular election and parliamentary system in his other novels, such as Pickwick Papers, which was a critique of the hypocrisy of bourgeois democracy prevailing at the time. Such "democracy" also came under the harsh attack of communist Nikolai LENIN. He observed that bourgeois democracy is inevitably narrow, deformed, hypocritical and misleading, and cannot be otherwise, and that it is a paradise for the rich, but a trap and sham for the exploited and the poor.

Sir, let us return from the eighteenth, nineteenth century to the present day. As we all know, in accordance with the "one country, two systems" principle that is not going to be changed for the next 50 years from 1 July 1997, Hong Kong will continue to appropriately develop the capitalist system that it is now practising. As I mentioned a moment ago, according to Marxism, the economic system is the foundation of a social system and the political system is determined by, and works for, the economic system. It is therefore imperative that our future political system should become part and parcel of our existing capitalist system, be determined by and works for the economic system that it serves. It follows that our future political system should not be part of the bourgeois dictatorship system practised in the eighteenth, nineteenth century, which has long been discarded by mainstream capitalism and buried in the historical graveyard. It should not even be tainted by any of the characteristics of the old system, to ensure its integrity.

Sir, let us review the political models recommended in the draft Basic Law for the Special Administrative Region, namely, the Cha-Cha model, and the recent so-called "bicameral" model, the "four-four-two" compromise, and the OMELCO consensus model, with regard to the distribution of legislative seats under each model. The Cha-Cha model provides for the prolonged predominance of bourgeois leadership in the first and second years of the legislature of the Special Administrative Region. I think we need to identify who the presentday Hong Kong bourgeoisie are at this point. We understand the capitalists of the eighteenth, nineteenth century to be bourgeoisie themselves or their agents. The presentday bourgeoisie of Hong Kong, while similar to their predecessors, are popularly identified as the leaders in commerce, industry and finance, and the personnel commissioned by them and acting on their behalf, together with the vast numbers of professionals who share associated interests. The permanent arrangement for functional constituencies to be given automatic

representation in the legislature smacks of colonialism itself. This is completely inconceivable in an advanced capitalist country, because the provision for functional constituencies is basically against the principle of democracy as we understand it.

The OMELCO consensus model is the only one of the other three models which sets a specific timetable, with the year 2003 set as the deadline for universal suffrage for the legislature. This model vetoes the so called functional constituency election which is undemocratic, and is in that sense more in line with the current capitalist trend, and has a better chance of upholding the spirit of "one country, two systems." The bicameral system is apparently the most conservative and retrogressive, even more so than the Cha-Cha model. It pretends to be the most democratic model with the hypocritical claim that it is analogous to the bicameral systems as practised by advanced countries, like Britain, the United States, France, the Netherlands and Japan. The four-four-two model is in substance also a conservative and undemocratic model.

Sir, I have to stress in my conclusion here that our stability and prosperity and the continued development of our present capitalist system can only be ensured by a carefully drafted Basic Law which genuinely upholds the spirit of "one country, two systems." Otherwise, the grand plans in your policy address will create nothing more than white elephants. We cannot bear to see Hong Kong, which is so wealthy and full of potential for development and which we have built our homes in, should go down the path of decline. We keenly hope that both China and Britain will speedily come up with the appropriate measures to enable Hong Kong people to have a bright tomorrow.

Sir, with these remarks, I support the motion.

MR. MCGREGOR: Sir, I represent a major business organization on this Council, one whose members contribute hugely to the Hong Kong economy. I will therefore comment on matters of direct interest and concern to businessmen in Hong Kong. Some of these points have been addressed by other business Members of the Council but, in these cases, repetition does no harm and confirms that there are no political parties, as yet, in this Chamber. Once I have spoken about economic and social affairs I propose to say something about our political development. Hong Kong's economic and social success in future will depend heavily on putting into place the most effective political structure, beginning in 1991. Economics and politics cannot be separated

in a free society.

Sir, in your opening address, you set out a picture of an enormously successful economy, one which has shown continual real growth for the past 30 or 40 years and one which has the potential for much additional growth in future. You alluded to the fact that we are now the eleventh largest trading economy in the world, that we have made ourselves essential to regional development, that we are one of the largest financial centres in the world and that we have a symbiotal trading relationship with China which cannot be replaced by either territory. We are also one of the least restricted of all the world's economies. Our traders and investors have virtually complete freedom to act on their own initiative and to do legitimate business according to opportunity and skill. Your Government, dare I say our Government, has worked hand in hand with the private sector to provide a most effective and generally harmonious balance between caring administration of public affairs and the freedoms so conducive to business and personal success. There is no other economy in the world which provides such an effective balance at the present time.

I am not a sycophant but I agree with your optimistic assessment of our present economy and our future potential. I should however like to make one or two suggestions for further improvement. May I, in doing so, congratulate SRI International for carrying out a very good and useful study on the Hong Kong economy which was published recently. That report was prepared by economic experts and although it came to the same general conclusions as the Government has done on many areas of present strength and future opportunity, it has highlighted new areas for attention and made proposals which appear to have encouraged a positive government response. It is always pleasant when foreign experts confirm domestic evaluations. The slowing down of our economy now being seen in our trade figures, in my view, is no bad thing. Our economy has been overheated for quite some time and could do with a period of consolidation whilst we get on with building the vast infrastructure we shall need in future. There are however specific matters of concern.

The labour supply in Hong Kong is still woefully short of that which is required. The evidence is all around us. This has been set out several times in this Council so I will not again rehearse the arguments for imported labour. I note your remarks about special arrangements for labour required for such major projects as the new airport and the container berths. Presumably the Government may allow unskilled and semi-skilled labour to be imported from China and kept on site, as it were, under arrangements which will safeguard the interests of Hong Kong employees. If that is

the intention, I must say it is the kind of arrangement that employer organizations have been requesting for some time without much success. So what is good for the Government goose may in fact not be so good for the private sector gander. It will be interesting to see how the Government will rationalize this possible conflict.

We have now begun the laborious task of exploring the trade possibilities provided by Russia and other Eastern European bloc countries. Our total trade with that entire area is less than 0.1% of our total trade with the world. The first mission sent to Russia by the General Chamber of Commerce recently was well received and made aware of the considerable interest in developing two-way trade with Hong Kong. However, Hong Kong's very restrictive immigration policy towards Russians and East Europeans has consistently proved a serious obstacle to trade. We can go there. They cannot come here. Improved relations between China and Russia suggest that we should now seek a substantial expansion of business contacts with greatly improved immigration visa procedures. I wonder, in fact, if it might not be possible for at least one or two of the East European countries to be allowed to open trade offices here. China may not object.

I want to suggest that the Government consider setting up an Economic Development Board which would oversee and advise upon the entire range of economic activity in Hong Kong and which might be given responsibility for some executive functions. We have a Trade Advisory Board, an Industry Development Board, an Economic Review Committee (which in fact only advises the Financial Secretary) and a Labour Advisory Board. There are other boards, councils and committees which deal with economic matters but, as far as I am aware, there is little co-ordination between them and their work is considered by several branches of the Government, much of this eventually reaching the desk of the Financial Secretary. The Executive Council is asked to consider economic, and some quite detailed, policy papers although the Council does not have a recognized economist among its Members -- to my knowledge. Perhaps that is why the Government and the Executive Council felt the need for the Central Policy Unit (the think-tank) which I have no doubt must be doing a fine job albeit a secret one. The Hong Kong economy is becoming more and more sophisticated, more and more difficult to assess and to promote at the government level. An Economic Development Board (EDB), organized along the lines of the Singapore EDB, could help to focus on economic policies, issues and functional systems in a comprehensive and professional way allowing government leaders and their most senior advisers to have the benefit of co-ordinated expert advice on the further development of our economy.

May I also suggest, as I have done on other occasions, that the Government should adopt the principle of nominated representation when considering membership of important government boards, councils and committees. The principle is applied and works well with the Labour Advisory Board. It is not applied with other important boards and committees. The result is that major institutions and organizations with extensive membership expertise cannot discuss important issues within their specialist committees as a matter of right rather than by special permission from the government department concerned. In my 13 years as Director of the Hong Kong General Chamber of Commerce, I was very seldom given agendas, discussion papers and minutes of the Trade Advisory Board and the Industry Development Board despite the fact that the chamber was alleged to be represented on both boards. Yet the chamber has over 700 industrial members and over 2 000 commercial members whose expertise is extensive. I sometimes think that the Government sticks to the old ways far too long without realizing that modern management does provide better results.

This brings me to the question of the management of our magnificent port of Hong Kong. You have confirmed the exciting news that a decision has been made to proceed with the construction of the new airport and two new container terminals. An Airport Authority will be responsible for the new airport development. This, in my view, is a wise decision. No doubt the new Authority will do a much better job than would be the case if a number of government departments had the task of working together on various aspects of this massive project which will treble the capacity of our present airport. Do not the same considerations however apply to the management of the port? Again massive new facilities are planned which will create a port five times the present size in terms of capacity of throughput. With the greater size and world importance of our new port, would it not make good management sense to establish a Port Authority or a Port Commission? The Administration is establishing in fact a Port Development Board which I understand will carry no authority nor management status and would simply appear to add yet another port advisory body to the three that already exist.

In the uncertain years ahead Hong Kong cannot afford to leave its port without cohesive, centralized management. What was good enough for the port in the seventies and eighties will not suffice in the nineties.

Will the Government therefore confirm that the Port Development Board is intended as a transitional step towards a Port Authority and that it is the intention to set up a Port Authority by a particular date? If this is not the intention, could

Government advise on what steps are proposed to provide our massive new port with an appropriate management structure which can maintain a very high level of efficiency?

Let me turn now to a tax matter which, although not mentioned in your speech, Sir, has considerable relevance to the economy which you described so vividly. We pride ourselves on having one of the simplest and least restrictive tax systems in the world. This has been instrumental in ensuring rapid economic growth based on known tax policies and levels of tax which have encouraged companies and people to work hard, save hard, invest and reinvest in productive enterprises. The spectre of a wholesale tax stalks the corridors of commercial Hong Kong like the Ghost of Budgets to come. Sir, my constituency has recently delivered its views on this subject to the Financial Secretary and I need not say more today than that the chamber is 4000% not in favour of a wholesale tax. Some very fine arguments against the tax have been adduced in the chamber submission all of which boiled down to the proposition that it is a thoroughly unattractive possibility and should be laid decently to rest. In my view, it should also take the equally unattractive soft drinks and cosmetics taxes with it. I apologize for pre-empting possible proposals by the Financial Secretary in his next Budget but a declaration by him that the wholesale tax will be put on the back burner and the gas turned off would do much to improve corporate confidence in our future tax system.

Sir, your address included many indications of government compassion towards the sick, aged, needy and handicapped people in our society. I wish to suggest that there is another category of person deserving sympathy and support who are not able to explain their plight and seek your help because they are not here. I refer to the so-called boat brides who, having married Hong Kong men and often having had children here, are sent back to China to await return to Hong Kong as one of the 75 per day one-way permit immigrants. I am told that in the last three years about 900 such wives had been sent back. No information has been given on the number who have been able to return legally but I believe an estimated 600 000 people are said to be on the waiting list in China to come here so, unless the wives are given special treatment, they will have a very long wait. I have been advised that some wives have in fact waited up to seven years before being able to join up with their families in Hong Kong again.

I now ask the Government to consider declaring an amnesty for all such wives who have been waiting here for more than three years to return to Hong Kong. Such an

amnesty would recognize the need for compassion towards those who love each other as husband and wife and as child and mother and yet have to spend bitter years apart. A three-year separation is surely enough punishment for falling in love with a Hong Kong citizen and seeking to set up home with the husband. Even if all the wives were allowed to come here through an amnesty they could easily be absorbed into the Hong Kong society and workforce. I do understand that important principles are involved but compassion should be able to find a way.

I also personally want to propose that the death penalty be removed altogether from our statutes. It is never applied in Hong Kong and although local opinion is in favour of its application in certain categories of crime involving murder, it is an open invitation, in my view, to an extension to other crimes when Hong Kong reverts to China. I find it difficult to understand the reluctance of the Government to accede to this proposal which I, and others, have made before. Simply to say that local people desire to keep the death penalty is not enough. How do we know? Has the matter been put to them? Who gives such advice? It would be helpful to hear the Attorney General explain to me this very odd situation, where we seem to keep the noose available for another day.

Before speaking about political developments, I should also like to comment on a government intention which seems to me to be illogical.

The Secretary for the Treasury announced recently that the overall growth in the strength of the Civil Service will be revised downwards to 2% in 1989-90 by deleting vacancies and kept down to 2% for the next few years.

I accept the need for prudent management of our budgets, but I do know from my own experience that the detailed implementation of such "across-the-board" measures can fall very unevenly on different activities and various departments within the Government. A large department in a no-growth area may be hardly affected, whereas the effect on a small, rapidly growing department could be devastating, especially where the vacancies are due simply to the phasing of recruitment in the course of expansion rather than any intrinsic difficulty in filling the specialist posts involved.

For example, the Government's expanding environmental programme depends upon a small but rapidly growing department. This, I suggest, could be adversely affected by too rigid an application of the stringent low growth policy. Could this mean that

we are now about to pull back from the bold and comprehensive programme published only six months ago in the White Paper: "Pollution in Hong Kong -- A time to act"? Is "a time to act" in fact slipping away from now into the more distant future? I sincerely hope not!

Let me turn now to the political future of Hong Kong. In these matters, I have to say I am expressing my personal views although I believe these will be supported by many members of my constituency. They in fact elected me to come here. I have also to do my best to express views which I believe are in the general interest of the people of Hong Kong and not just representative of a narrow sector.

Sir, all the expenditure and effort you have outlined in your speech and all the planning and hopes and expectations of the Hong Kong people depend almost entirely for their realization on China and the Chinese Government. If China cannot meet the promises to Hong Kong enshrined in the Joint Declaration and to be included in the Basic Law, then all our wonderful plans will come to nothing. Unless Hong Kong people can be persuaded to feel that our present capitalist system and free lifestyle can be maintained after 1997, the Joint Declaration and the Basic Law will be meaningless, just two documents which promised much but could not deliver on the promises. It is not even a matter of China actually meeting its promises but of the perception of Hong Kong people that they will do so after 1997. Only such a perception now will encourage confidence during the next few crucial years.

We in Hong Kong know only too well what happens when confidence fails and how easily confidence can be shaken and even shattered. We remember 1967 and the long years afterwards when China suffered agonies of political turmoil and persecution. Confidence is a human feeling not a commodity controlled by state apparatus. Everyone in this Chamber knows in his or her heart that confidence in our long-term future has been very seriously eroded and that nothing that China has done since 4 June has improved public confidence. It is at the lowest ebb since May and June of 1967 and it is hardly surprising that tens of thousands of our brightest and best, those who have a choice, are leaving. At risk, Sir, may be a million more. Why do they go? Is it because they dislike the Government of Hong Kong or perhaps the British Government and its policies towards Hong Kong? China says that Britain is responsible for reducing Hong Kong people's confidence in the future and takes various actions to bring it home to Hong Kong people that China is increasingly in charge here, or soon will be. Such actions of course make matters worse. It is the communist system in China that Hong Kong people fear and we should recognize this fact as one of major significance in our efforts to find the best arrangements for

the future. One despairs that China will ever learn the differences between a capitalist and a communist economy and take account of these essential differences in reaching conclusions about the political future of Hong Kong. Democracy must be an ingredient in any political blueprint for Hong Kong if Hong Kong people are to run Hong Kong after 1997. A formula which has a relatively few privileged Hong Kong people running Hong Kong will never be successful. Subservience is not a substitute for democratic freedom. Democracy is not a condition much promoted by the Chinese authorities at the present time. Yet China must be brought to realize that it is an essential requirement if Hong Kong is going to be allowed to continue to produce enormous benefits for China for the next 50 years and more. It is completely clear that Hong Kong people overwhelmingly support the concept of democratic government and also that they recognize sensibly that this cannot be an instant phenomenon. Conversely, they cannot be fooled by attempts to provide undemocratic political models which keep power in the hands of a few Hong Kong people whose real motives, in my opinion, may be questionable.

OMELCO has proposed the most democratic model on offer for Hong Kong's future legislature and Chief Executive. It has received very strong support. China, predictably, does not like it and promotes less democratic models.

The Government has not chosen to seek the people's view on the various political models on offer. I believe that the Government has not done so because it knows full well what the result would be. Be that as it may, I suggest that the Government, and the British Government on your advice, Sir, should forthwith adopt the OMELCO consensus proposals and begin to bring them into effect in 1991. A development of this kind would be a genuine boost to confidence. Whatever model is adopted after 1997 would have to take account of a system already in successful operation.

We in this Council have all taken an oath of allegiance to the people of Hong Kong. We must not lack the courage to stand up now for what we know to be in the interest of the people of Hong Kong. I believe this must include a continuation of the process of democratic reform so that Hong Kong people will have a role to play in their own destiny. We must not let them down, come what may.

Sir, I support the motion.

6.59 pm

HIS EXCELLENCY THE PRESIDENT: Members will probably appreciate another break at this point.

7.31 pm

HIS EXCELLENCY THE PRESIDENT: Council now resumes.

MR. SIT (in Cantonese): Sir, your policy address published on 11 October this year will become an important landmark in the history of Hong Kong's infrastructural development. It demonstrates the Government's commitment during the run-up to 1997; it plans and shows what Hong Kong will be like as we step into the 21st century.

The programme of works is ambitious, the cost will amount to about \$127 billion and some of the projects will be carried through 1997. In other words, the magnificent plans disclosed in your policy address will become major projects, both in terms of financial commitments and infrastructural developments, to be undertaken by the future Hong Kong Special Administrative Region Government (that is, after 1 July 1997). It is important whether these projects will get the endorsement and involvement of China as there will be the factor of transfer of sovereignty.

Indeed as pointed out in chapter 7 of your policy address on A Vision of the Future, Hong Kong's achievements in the past decade have been outstanding and impressive. In examining the reasons for success, I believe that apart from the fact that our Government is progressively developing an open and democratic system, our economic success is closely linked to China's open door policy in the past 10 years. The recent emergence of China to top the list of Hong Kong's chief trading partners, the trade volume between Hong Kong and China, and the extensive transference of local industrial establishments of various scales to Shenzhen and the Pearl River delta -- all these facts suffice to make us believe that Hong Kong is a major beneficiary of China's open door policy. Therefore, it is of paramount importance to maintain and properly handle our relationship with China, so that the political, economic and trading relations will not be affected by certain events in China. Sir, as you have pointed out in your policy address, we can only achieve our goals by continuing to give priority to the overall growth of our economy. In other words, only by so doing will we be able to achieve the target of our social and infrastructural developments.

Sir, as an old Chinese saying goes: "Those who have no foresight might be

confronted by imminent problems." The influx of Vietnamese boat people has continued since 1979 and has greatly strained our resources. Particularly in the one year or so since the implementation of the screening policy on 16 June 1988, not only has there been no reduction in the number of boat people, but arrivals have even reached the highest level in the past 10 years. These hard figures clearly tell us that the implementation of the screening policy has not achieved the least deterrent effect. Nevertheless, there is still a handful of people in our community who support the screening policy. Their logic is that the screening policy fails just because the repatriation policy does not work. Superficially, their argument sounds convincing and reasonable; yet people cannot help but ask: should the Government not, in implementing the screening policy, consider the issue fully and realize that if the Vietnamese Government refuses to accept the repatriated boat people, the screening policy will serve no purpose except identifying who are refugees and who are not. The screening policy adds to our burden instead of alleviating it. In recent months, the boat people have shown themselves to be desperate and aggressive and residents living in the vicinities are driven into panic. It was a mistake to implement the screening policy hurriedly without first securing the agreement of the Vietnamese Government to take back those screened out as non-refugees. Such screening policy has proved to be a failure after 16 months of implementation. In recent months, as we turn the pages of the local newspapers, we almost feel that it would be news indeed if there is no news about Vietnamese boat people stirring up troubles. Consequently, the boat people issue is no longer our "concern" but has become our "disaster".

Sir, at the Geneva Conference on Indo-Chinese Refugees held in June this year, you warned that: "if proper arrangements were not made to return home those found not to be refugees, Hong Kong cannot continue indefinitely to play its part by providing first asylum." You have also pointed out in your policy address that "We must not deceive ourselves into thinking that abandoning this principle is an easy, or cost-free option." I would like to take this opportunity to respond to that.

Firstly, the policy of Hong Kong as the port of first asylum was imposed unilaterally upon us by the British Government. However, we have so far upheld this policy implemented under the high-sounding principle of humanitarianism, hoping that the international community will understand the hardship that Hong Kong has to suffer by providing first asylum to these boat people. At the same time, we believed that countries which participated in the 1979 Geneva Conference on Indo-Chinese Refugees would honour their promises as determinedly as Hong Kong does. Yet today there is concrete evidence to show that many resettlement countries have neither kept their

promises nor shouldered their responsibilities. Therefore, even though you had sounded a warning note in the June conference saying that Hong Kong can no longer play its part indefinitely by providing first asylum, the participating countries all turn deaf ears to your words. Yet the majority of Hong Kong people are behind you, Sir, and the voice demanding the scrapping of the first asylum policy is getting louder and louder.

Besides, we believe the Hong Kong people have not deceived themselves into thinking that abandoning the first asylum policy is an easy or cost-free option. We clearly know that Hong Kong has already spent more than \$1.6 billion since becoming a port of first asylum, and this has not taken into account the use of more valuable land to provide accommodation for the Vietnamese boat people. In a small place like Hong Kong, both land and housing are very expensive. Besides, in areas where we have established centres for boat people and refugees, there has been an increasing trend of crimes involving boat people. Law and order as well as the normal operation of our community have thus been affected. Staff of the Correctional Services Department, the police and the British garrison are deployed to cope with the problem and manage the boat people. Is the heavy burden thus created a cost that we have to pay?

Therefore, in considering whether we should scrap the first asylum policy, the key factor is not whether we have to pay a cost since we are already paying costs indefinitely. Of course, if we really go ahead with the abolition of the first asylum policy, some countries might accuse us of being "inhumane" and might even threaten us with economic or trade sanction. Similarly, some people have pointed out that should we really scrap the first asylum policy, the boat people arriving might sink their own boats when they were not permitted to land and threaten us by placing their own lives at stake. Then on humanitarian grounds, we cannot allow them to die and would have to accommodate and care for them as a result of their "kamikaze" missions, lest we would be criticized by the UNHCR. To take this further, in order to keep the good reputation of being "humanitarian", we have to shoulder the burden of boat people indefinitely. Is this fair and humane to the 6 million Hong Kong people?

Hong Kong is now prosperous and progressing. Has this been really achieved through the winning of the good name of being humanitarian as a result of the first asylum policy imposed unilaterally on us in the past decade? In looking back, has this "humanitarianism" led to the rescission of the protectionist policy by our international trading partners? If the answers to these questions are in the negative, should we rather reassess our position without delay and find a solution

to our present difficulties in order to save ourselves? Even though involuntary repatriation has been suggested as a panacea to solve the boat people problem, I do not think it will go very far.

If the boat people feel that they have a 10% chance (based on the percentage of boat people now screened in as refugees), then there is reason to believe that they would still take to the high seas and keep on with the "exodus" to Hong Kong. If they are lucky, they would be screened in as refugees. Otherwise, they would still be accommodated in boat people centres, be given an allowance and then await their turn to board the next plane or ship to "return home in silken robes". If there is no substantial improvement of the Vietnamese economy in the next decade, then there is reason to believe that the "boat people trade" will flourish and this will indeed be Hong Kong's misfortune.

Therefore, if we want to really solve the boat people problem, scrapping the first asylum policy seems to be the only effective option. The international community is full of people professing to be humanitarians. Under the label of such a high-sounding principle, they are in fact practising selfish and egoistic acts. If we should hope that Vietnam would be "giving us a favour by leaving us alone", it is tantamount to "negotiating with the tiger for its skin."

Sir, of course we believe that everyone in Hong Kong hopes that the boat people problem could be solved through international negotiations and that an agreement could be reached under the principle of "give-and-take." Yet unfortunately, time and again, our negotiating teams shuttling incessantly between Geneva, London, Hong Kong and Hanoi have been seen returning without avail. The solution to the boat people problem is still far and remote. Yet on the other hand, such a problem is disturbing us every hour of the day and will very soon reach flash point.

Sir, it is high time for us to tackle the boat people problem in a bold and resolute manner. Sir, as you are the top decision-maker of the Hong Kong Government and leader of our 6 million people, we are all awaiting your wise decision. Otherwise, this issue which might develop from a "problem" into a "disaster" will be like a bookworm nibbling away at the ambitious projects portrayed in your policy address. And this evidently is not in Hong Kong's interest.

Sir, with these remarks, I support the motion.

MRS. SO (in Cantonese): Sir, in presenting a vision of the future for Hong Kong in the 1990s and into the early part of the next century, your policy address on 11 October offers a blueprint for a number of infrastructural projects including the building of a new airport, the development of a new port and the construction of additional container terminals. It reflects the government's commitment to the future of Hong Kong during this transitional period. I am deeply impressed by it. In this policy debate, I shall speak on four topics, namely, the physical infrastructure, education, social welfare and technology.

Hong Kong's economy has grown by leaps and bounds. One of the major factors of this economic success is its sound infrastructural facilities and an efficient transport network. As mentioned in the policy address, since last October the Government has begun a series of studies with a view to formulating a long term strategy for the development of our port and airport. The findings of these studies indicate that there is a strong case for building a new airport as soon as possible and that the cargo handling capacity of the existing port facilities has already reached its saturation point. Hence, I think there is a practical need for these ambitious infrastructural projects because they are helpful in keeping the boom in Hong Kong's re-export trade and in commercial and industrial activities.

Despite the positive effect of stimulating local economy and creating job opportunities, these mammoth projects may, on the other hand, lead to increases in internal demand and, in turn, accelerate inflation. It is therefore necessary that in proceeding with these infrastructural projects, the Government should take every measure to minimize their inflationary effects so as to ensure that the quality of life in Hong Kong will not be eroded.

Labour shortage is a long-standing problem in Hong Kong, particularly with the construction industry. The Government should therefore consider how to solve the problem of labour shortage while deciding to implement these huge projects. I think the Government should assist and encourage the manufacturers to speed up automation in order to reduce their demand on labour. This approach would also have the effect of upgrading the technology of local industries.

The total cost of the infrastructural projects mentioned in the policy address is estimated at \$127 billion. Funding will be coming from both the Government and the private sector. Of which, private investment would be in the range of 40 to 60%.

As we all know, apart from profits, political stability is another major factor that the private sector will want to consider when they make decision on any investment. Hong Kong is now in its transitional period. Since the 4 June event in Beijing, Sino-Hong Kong and Sino-British relations have been at ebb tide. As the construction period of the large scale projects proposed by the Hong Kong Government is expected to go beyond 1997, the private sector will need to carefully calculate their chance of recovering their investment. If the strained Sino-Hong Kong and Sino-British relationship is to continue, then the desire of the business community to invest in Hong Kong will be dampened. It will, in turn, affect the implementation of these projects.

Hence, the Hong Kong and British Governments should seek to improve Sino-Hong Kong and Sino-British relations as soon as possible. Efforts should also be made to step up communication with China at various levels with a view to promoting exchange of views and co-operation between China and Hong Kong on matters of common concern so as to create a stable and attractive environment for investment in Hong Kong.

The abundant human resources in Hong Kong have been playing a vital role in the development of this territory. However, the accelerated outflow of manpower which began in the mid 1980s has now developed into a serious problem. The policy address has attempted to address the brain drain issue. It proposes a plan for substantial expansion of our tertiary education with the objective of raising the number of first degree places to 67 000 by 1995. That would mean providing tertiary places for nearly 25% of the relevant age group. I am delighted to learn of the Government's resolve to train and nurture talents. However, it has not been made known whether the Government has considered how this speedy expansion of tertiary education is going to tie in with developments in other aspects.

Expanding first degree places means there would be a need for corresponding increase in teaching staff. Yet, the tertiary institutions are having difficulties in recruiting suitably qualified teachers. In the short term, we can solve this teacher shortage problem by extending the existing normal retirement age of teachers from 60 to 65. In addition to that, we can also recruit overseas scholars to teach in Hong Kong. In the long term, we should strive to develop post-graduate education in Hong Kong to encourage outstanding university graduates to pursue further studies in post-graduate research institutes. Grants for advanced studies in local or overseas post-graduate research institutes should be made available to those university graduates who lack the financial means to satisfy their desire for further studies so that they will serve Hong Kong after they have completed their studies.

The Government and the three universities should play a vital role in this respect.

Although the Government endeavours to expand tertiary education, its efforts in training the right people will end up in a waste of public resources if these talents emigrate after completing their training. Hence, for the sake of ensuring a high return rate of our investment in education, we should actively explore measures to provide locally trained people with incentives to stay and work for a better Hong Kong.

Equal importance must be attached to secondary, primary and pre-primary education if we hope to ensure that our tertiary institutions are capable of training high quality talents to meet the genuine needs of our community. Failure to provide sound secondary and pre-primary education will lead to a drop in the general quality of the post-secondary students. The Government should therefore provide in-service training courses for teachers in secondary and primary schools and reduce their workload in order to raise the quality of teaching.

At present, kindergartens are privately run with widely varied standards. Besides giving advice and organizing training courses to improve the quality of kindergarten teachers has the Government ever thought of introducing a pilot scheme of government-operated kindergartens to serve as a model for the existing kindergartens?

On the social welfare aspect, the policy address has not offered any specific plans to bring down the wastage rate of social workers. Increasing the intake of social work students into our tertiary institutions would be an answer to this problem but it can only serve as a long-term solution which would not produce any immediate remedial effect. As a matter of fact, apart from emigration, the lack of promotion prospect is another major cause of the high wastage rate of social workers. I wonder if the Government would consider increasing middle level social worker posts so that social workers would find better prospects in their work and be willing to stay in their professional field.

All along, Hong Kong's industry has overlooked the importance of scientific research. The investment in scientific research by our neighbouring countries like Singapore and South Korea far exceeds that of Hong Kong. A recent study report on the future development of Hong Kong also points out that Hong Kong is lagging behind in the development of science and technology. Hence, Hong Kong must develop its own

research on science and technology, otherwise it will not be able to maintain its competitive edge in the world market.

I support the Government's idea of setting up a technology centre in Hong Kong and hope that this centre will be commissioned as soon as possible. In order to meet practical needs in Hong Kong, this centre must diversify its research on subjects of general interest with special emphasis on their suitability for application in local industries.

All in all, I think that the colossal projects proposed by the Government, while useful in promoting stability and prosperity in Hong Kong, may give rise to a shortage of labour. The Government should, by way of developing and upgrading our technology, introduce sophisticated and modernized facilities as a means to offset the adverse effect of labour shortage so as to ensure that the proposed projects will proceed according to their schedules.

Under the present development, the education system in Hong Kong is in an unbalanced state. In the face of talent shortage, the Government's efforts to put greater emphasis on the expansion of tertiary education should, of course, give us no cause for criticism. Yet in the long run, the Government should also strive for better quality of our secondary, primary and pre-primary education in order to achieve a more balanced education system. As regards the shortage of talent, I believe that the permanent solution lies in the restoration of the confidence of the Hong Kong people.

The prosperity presently enjoyed by the people of Hong Kong is the fruit of our past efforts. Hong Kong is now facing challenges from various fronts. I believe that if we can work with concerted efforts in the same indomitable spirit as we did on many occasions before, we shall be able to overcome our difficulties and build a better Hong Kong.

Sir, with these remarks, I support the motion.

MR. TIEN: Sir, many of my fellow Councillors have already expressed their appreciation of the important ideas contained in the 1989 policy address. The speech obviously offers everybody a good deal of food for thought. Like most people, both inside and outside this Council, I was particularly drawn to those paragraphs which look to a vision of the future -- namely a pollution-free environment, the new port and airport and rapid improvements in education, transport, medical provision and a whole range

of economic endeavours.

My remarks today will seek to raise some basic and practical questions towards the realization of that vision.

Sir, all visions begin with human beings. Last year, I talked about the labour shortage. This year, the problem is much more serious. I previously spoke of the labour shortage in the manufacturing, service and construction industries.

This year, in addition to that, we have the much bigger question of the emigration of skilled professionals and managers referred to in the policy address -- commonly known as the brain drain.

In every sector of the community we are facing an overall shortage of human resources.

However, I see a difference in approach amongst many professionals depending upon whether or not they work in the public or private sectors. In the public sector we are well aware that some groups have taken advantage of the situation.

Industrial action has been taken by court interpreters, social welfare assistants and nurses. They hope thereby to improve their pay and conditions and also reduce their work load. But, we have also heard about manpower problems in such areas as doctors, school laboratory technicians, teachers, police, Fire Services and Correctional Services Departments.

Human resource shortages have caused critical problems in the private sector too. This shortage hits the financial institution, the construction industry, the hotel, the transport services, the manufacturing industries and hosts of others. But industrial action is not for them.

I have just suggested that the so-called "brain drain" is largely responsible for the skilled manpower shortage. However, equally important is that our economic growth has outstripped our natural birth rate, and the immigration of some 75 unskilled persons per day from China is of little significant help. Moreover, let us not forget Hong Kong's ageing population. In simple terms, our society does not have enough people to fill the jobs available.

Our manpower policy needs to be bolder. I therefore suggest a dual approach allowing us a labour import policy and an immigration policy. A labour import policy could be devised to allow in non-professionals. I have in mind here people who are semi-skilled workers, for example those in the manufacturing and construction industries. These workers can be "imported", as it were, under limited quota schemes to allow them short-term contracts.

An immigration policy is a different idea. Here we would talk about professionals. We could follow the lead of Australia, Canada and even Singapore, who are importers of highly-qualified professionals. We could devise a point system to allocate priorities amongst and between these professionals. I envisage we could attract suitable people into this scheme from all of the neighbouring countries in this region, that is, Southeast Asia.

The alternative is to see an increasing tendency to "industrial action". Government cannot yield to industrial action without itself contributing to inflation, and to an insidious erosion of the economy. On the other hand, if the Government takes no action, it is condemning the public to serious inconvenience in the provision of the public services for which it has paid in the form of taxes.

We need to borrow the immigration strategies based on a point system of the Australians and Canadians amongst others.

After all, that is the saying: "If you cannot beat them, join them".

Sir, having suggested ways of coping with the manpower shortage, I would like to turn, secondly, to the question of finance. We need to look closely at the huge public works projects envisaged in the policy address over the next 16 years or so.

Visions are splendid: but they do not necessarily come cheaply. The figure quoted for the port and the airport alone is "\$127 billion at current prices, over the period up to 2006". Where, many members of the public are anxious to know, will the money come from to finance the vision?

The Government expects roughly a 50:50 split between the public and private sectors. If we look at the government side, the accumulated fiscal surplus would amount to \$71 billion by the end of the current financial year. On this basis, Government has ample scope for borrowing.

However, I must still utter a word of caution. According to an influential private financial report, some \$550 billion would have to be spent on all capital projects between now and the year 2004. Government should surely try to even out all major projects to ensure that we avoid any unnecessary ups and downs. Let us also not forget the need to avoid the overheating of the economy.

As for the private sector, the 50% of the share of the capital project would mean a private sector investment of about \$60 billion over the period up to the year 2006. Roughly this would mean an average annual investment of \$3.5 billion. This sounds like a huge sum of money. However, quoting from the Budget forecast, the contribution of our building and construction sector alone to this year's GDP amounts to \$31.5 billion.

These figures indicate that the private sector is capable of sharing in the building of "the vision of tomorrow". The crux of the matter is whether the private sector is willing to become involved in building that vision. After all, our track record on the economic front is exemplary. For the last decade, investments in Hong Kong yielded a higher net return than those available overseas. The only brake on investment is a lack of confidence in Hong Kong's political future.

It is increasingly difficult to be objective about either the future government or the present politics of Hong Kong. In the 1984 Agreement, we were promised a high degree of autonomy after 1997. Implicit in the arrangements then agreed was the further notion of Hong Kong people ruling Hong Kong.

We are due to move, by a process of evolution, towards a fully elected Legislative Council. The OMELCO consensus calls for 20 directly elected Members in 1991, to sit with 20 functional constituency Members and 20 appointed Members.

I support this formula. I see it as a sensible step on the road towards full election of the legislature in 1997. I realize that I speak with conservative views -- nevertheless I support a directly elected membership of one-third of this Council in place by 1991.

Sir, I have also indicated my support for the OMELCO consensus and the so-called 4:4:2 model. Both these models are very similar in nature, differing mainly on the percentage of direct election along a certain timetable. However, the principal

proposals of these two models are quite different. In medical analogy OMELCO is like a general practitioner dealing with every problem that Hong Kong develops. The OMELCO consensus on a future political system is just one of them.

The 4:4:2 model agreed between the liberal, moderate and conservative members of the Basic Law Consultative Committee after five years of deliberation on this one subject alone is, in my view, the consensus of the specialists, the consensus of a wider spectrum of Hong Kong people. Recent opinion polls and district board meetings have indicated wide support for both the OMELCO and the 4:4:2 models. I urged Members of OMELCO to consider not only always asking for others' support, but also to support others with similar proposals in the wider context of achieving not only an OMELCO consensus but a territory-wide one. Supporting others does not necessarily mean a change of heart or a loss of face. Compromise and consensus is something we always cherish within OMELCO, but compromise and consensus with people outside OMELCO is equally important for the interest of the people of Hong Kong.

Sir, the most important thing now is to achieve a Basic Law responsive to the changing environment both here and in China.

These matters require above all to be discussed calmly and without pettiness. The last thing we need is a war of nerves -- carried on about, and against, this territory.

The restoration of confidence in Hong Kong's political future is a difficult proposition. I am not confident that the final draft of the Basic Law would accord with the wishes of the Hong Kong people. Basic Law drafters should not forget that the Joint Declaration guaranteed us a "high degree of autonomy".

By May 1990, the Basic Law will be promulgated. Given the current uncompromising atmosphere of mutual mistrust, I cannot see a model in which the majority of Hong Kong people support. Hence, we need to ensure that, between May 1990 and 1997, the door can be kept open to change. Our hopes rest upon a change of heart within China itself. Our hopes also rest upon reconciliation and understanding, referred to by Premier LI Peng this week to the visiting former United States President Richard NIXON.

At present, Article 158 of the second draft of the Basic Law sets out the process for amending the Basic Law itself. This process is full of hurdles. For example,

it would require the support of two-thirds of the HKSAR deputies to the National People's Congress plus two-thirds of all members of the HKSAR legislature plus the Chief Executive for amendments to the Basic Law to be even proposed by the HKSAR.

Such a procedure is cumbersome and rigid in the extreme. This procedure should be changed to allow for maximum flexibility for us to amend the Basic Law in the future.

Sir, I am in full agreement with the underlying sentiment contained in the policy address. We do need a vision of our future.

You also rightly point out that whilst the future which we are now charting is full of dangers, it is also full of hope.

At present we hear far too much negative talk. The policy address offers a useful corrective to such talk. In this, my thinking closely parallels the parts of the policy address which look ahead to a vision of a successful and confident Hong Kong.

The policy address speaks of Hong Kong's three best qualities, namely, "enterprise, resourcefulness and efficiency". These things brought many people to Hong Kong in the first place; they are the reasons why many will stay.

To this end, our political problems must and will be solved. This will be no easy task. For this we need constancy and determination.

Sir, with these remarks, I support the motion.

MR. PETER WONG: Sir, I am highly appreciative of the efforts that you personally, as well as the Administration, have made to express the anguish and helplessness of Hong Kong people over the approach of 1997. The tragic events around Tiananmen Square and the subsequent actions taken by all sides, however well-intentioned, have only added further doubt to what was already Hong Kong's troubled mind.

We Hong Kong people have talked ourselves into a funk. No matter what the British Government can give us in the issue of passports with right of abode, or the international community expressing their confidence by investing in Hong Kong, or Beijing pledging unflinching adherence to the letter and substance of the Joint Declaration, we will never achieve that inner peace unless we have an open mind that is willing to accept reasonable assurances from reasonable people.

To Hong Kong eyes, Britain would have no wish to deprive us of our freedoms; the international community positively wants Hong Kong to prosper; it only remains for Beijing to do or say the right things. In any bargain, both sides must get a good deal before they come away satisfied. The conditions must be such that both sides keep on getting more benefits than disappointments or else they will be forced to either re-negotiate or unilaterally reject the bargain. For too long, we have been playing poker by proxy. Economically, we in Hong Kong hold all the aces, but Beijing holds the political trumps. If we think in terms of a winner in all this, then we are doomed.

Show hands

Sir, we must not put ourselves in a position to gamble away the future of Hong Kong. Winner takes all. It is now time to show our hands and really come to grips with the problem. I can well appreciate the difficult position the Administration finds itself under the prevailing political climate. This, however, should not stop us from looking fairly and squarely at our current negotiation with China over the implementation of the Sino-British Joint Declaration. The people of Hong Kong have expressed their views through the Basic Law Consultative Committee. During this coming month, there will be more meetings for the consultative members with the mainland drafters in Guangzhou and I hope that many will make use of this opportunity. But ultimately, it will be up to Hong Kong members of the Drafting Committee to put our side of the story.

At the end of the first period of consultations, I openly charged that some of the Hong Kong drafting members have not been doing their homework nor doing justice to the submissions made by Hong Kong people. I put it again to the Hong Kong drafters who have been accorded the highest honour of drawing up the blueprint of our future, they should take into consideration the interest of all of Hong Kong and strike a reasonable balance with China. If they negotiate for the overall good of China and Hong Kong, everyone then will be the beneficiary and none will be the loser. Sir, political uncertainty can only aggravate the confidence crisis that is looming large over Hong Kong's horizons. It is up to all sides to ensure a stable political environment so essential to Hong Kong's future prosperity.

Infrastructure funding

I now turn to the more mundane matter of finances and the mere \$127 billion that

will be spent on the airport at Chek Lap Kok and the new port structure.

We all welcome this affirmation of faith in Hong Kong. It is also well received by industry and commerce and we shall soon see a substantial rise in activities in gearing up for the project. However, the Financial Secretary will not only have to find the money to finance the projects, but must also ensure that Hong Kong's economy does not get overheated as a result.

So far as the funding of the project is concerned, I am unhappy to hear the Financial Secretary remark that taxes may have to go up, or alternative sources be made available to stabilize the yield. I was unhappy because this is basically project financing and should not come out of the general revenues over the long term. It would be very wrong to use the airport as the excuse to bring in sales tax. The use of the HKSAR Government Land Fund Trust would seem a better alternative. The basic principle is, as for all other projects such as the Mass Transit Railway Corporation and the utilities, it must be self-supporting financially.

Construction of this magnitude can cause very harmful inflation if activities were not carefully planned. Our manpower and construction facilities are already fully stretched. While we must liberalize the import of labour to tide us over the surge in demand, care should also be exercised over the labour import issue under the current political climate. I believe that the international finance and construction houses are already lining up for a piece of the cake, so in the light of keen competition we should ensure that we get the most competitive terms. There remains those people who will head up the provisional authority and guide it through the intricacies of such a project to make it a success. A review of our senior government officials capable of doing this specialist job should be essential. Also, we should not be afraid of bringing in the world's experts.

I welcome the formation of a Provisional Airport Authority, but I think that we also need to plan for our port facilities on a similar vein, hence the Port Development Board should obtain equal resources. However I was unable to find in your address any mention of a thorough environmental impact study on the siting of the airport and port and the likely effects on the residents of north Lantau and south New Territories. No mention too was made of town planning programmes in these two areas to be affected by the projects. If this was indeed an omission, then I am concerned at the real commitment of the Government on pollution and the environment.

With the siting of the airport at Chek Lap Kok and the introduction of road and rail access to Lantau, there will be an inevitable rise in land prices on Lantau. I trust that the Authority will guard itself against profiteering as it will be necessary for it to acquire a fair amount of land.

Sir, I had not felt it necessary to say anything about the Securities and Futures Commission (SFC) in this debate. But being a non-executive director I must counter the allegations of over-regulation and unnecessary intervention.

I am very aware of the potential for a new regulatory organization to these faults, but I must defend the work of the Commission which is faithfully following the recommendations of the Securities Review Committee which has received general endorsement as well as the objects as set out in the Securities and Futures Commission Ordinance. I have supported the recent regulations which are necessarily long and comprehensive so that we have certainty and minimize the need of bureaucratic interpretation of woolly or non-existent regulations.

As for unnecessary intervention, if there is fault, I think we should be faulted for not moving fast enough or taking a firmer hand in some of the more contentious issues. The SFC is a brand new organization and welcomes constructive criticism. I am sure that we will listen carefully to details of where we might have gone wrong so we have the chance to improve the work of the Commission.

Accountancy shortage

Lastly I wish to address the problem of shortage of accountants that is of great concern to my constituency and to a certain extent also to the business sector. When looked at statistically, Hong Kong ranks well behind Singapore and the United Kingdom in terms of qualified accountants per capita. A recent survey finds that we are 2 200 short within the profession and Government.

The universities are refusing to do degree courses on accountancy. The polytechnics are under pressure to reduce the number of accounting places to make space for other deserving disciplines. Accountants have always been treated as fair hunting game for general management since we have an unusually good grasp of business as a whole because of our training. Yet on top of thinly spread accountancy manpower, the authorities are pressing greater demands on us, such as the proposed compulsory reporting of fraud and other misdemeanours. Such additional burdens on us at this

time is not fair or realistic.

All-round and bilingual professional accountants are what Hong Kong really needs. We are constrained by the number of places that University and Polytechnic Grants Committee will subvent and distance learning is a slow and hard process for the learner. Importation of skilled accountants to fill the gaps only provides temporary relief. I make the case that accountancy in our tertiary education system be given special consideration when allocating priorities.

Sir, with these words, I support the motion.

MR. CHEONG: Sir, for the past six months, the whole community in Hong Kong has lived through very trying times. Whilst everyone recognizes that our future is inextricably tied to that of China, what we saw and heard during the past few months have certainly not given us room for comfort. No family in Hong Kong has been spared by the agonies of renewed fears and uncertainties over our future. The air of frustration and perhaps even despondency can readily be felt. This is certainly not healthy for our stability and prosperity.

To me, Sir, your speech, has been timely indeed. Timely because it starkly reminds us that whatever emotions and fears arising out of concerns for the future, as a government, we need to focus at all times on what life for our citizens is all about, that is, what can be done to improve our medical and health services, housing, social welfare, education, transport, and so on. We cannot and should not perennially live on hope or fears.

As a responsible and responsive government, Hong Kong must take continued steps, within the limit of its resources of course, to improve the quality of life of its citizens. And, Sir, the Hong Kong Government under your able leadership has done just that. May I offer my appreciation as well as my thanks not only to you, Sir, but also to the rest of the Civil Service who, despite difficult circumstances, have worked steadfastly to maintain Hong Kong on an even keel for the past trying few months.

Life certainly has not been easy and yet, despite all the trauma, this Chamber can still debate a meaningful programme of activities covering policy areas that have implications spanning well over 1997. Therefore, for any discussion on our future,

all parties concerned, be it the United Kingdom Government, Chinese Government, or the people of Hong Kong, should never forget or even underestimate the contribution from our Civil Service to our stability.

It is true that sovereignty will change in 1997. It is true that Hong Kong is moving towards representative government. Yet it is equally true that whatever the change, the one pillar to our stability must be the continued maintenance of integrity and morale of our Civil Service. In this regard, I would plead that Government's intention to contain the growth of Civil Service be implemented with a degree of flexibility. After all, in the process of implementing the ambitious programmes of activities, it would naturally generate increased workload. It will just be counterproductive if either the Finance Branch or Civil Service Branch takes zero growth as Gospel truth and discards reasonable requests.

Sir, there will be no future for Hong Kong if, for whatever reason, our stable and responsible Civil Service is adversely affected. What I said about the Civil Service must not be misinterpreted as "shoe-shining". I was just reiterating and re-emphasizing a fact that must not be taken for granted.

Sir, our Senior Member, the Honourable Allen LEE, as well as other colleagues have talked about the question of building confidence. You yourself, Sir, have spoken of the need for the community to have confidence in itself. Many people from all over the world, inclusive of the Chinese leaders, have repeated the same message to us. Yet, there is no denying that the community is living with a very jittery mood.

Repeated incidents and reports of diplomatic skirmish between the United Kingdom and China have not helped. The barriers of mistrust between all sides are great. This has given rise to the phenomenon of having conspiracy theories becoming a part of the Hong Kong political landscapes. These conspiracies about Hong Kong involve either China or Britain. In every case, the loser is Hong Kong because these alleged conspiracies keep the gullible, the doubters and the ignorants on edge and confidence is unremittingly sagged.

For things to get better, these barriers of suspicion and mistrust have to be dismantled and efforts must be made by all sides. For a start, I plead that the Chinese authorities should not allow any suspicions to impede objective and rational assessment of what is happening in Hong Kong. One should readily recognize that Hong Kong cannot and will not survive if it were to develop into a base of subversion.

It may be true that some members of the Hong Kong community might have said or acted in such a way as to have possibly created rooms for misunderstanding. Yet I firmly believe in the fact that the majority of the people of Hong Kong do not wish to get tangled up with the complicated and complex political issues inside China. We have neither the wish nor the ability to adversely affect China one way or the other. We earnestly hope that the differences in value and social circumstances between the two societies be well understood and accepted by the leadership in China.

In the years to come, maybe a few decades later, such differences hopefully will narrow and eventually disappear. But for now, it must be accepted by all sides that effective methods of governance for China and Hong Kong are very different. What may be workable in China will not work for Hong Kong, and vice versa. Hence, it is imperative that China works with Hong Kong with sympathy and understanding. Blatant deployment of strong and hard tactics arising out of father-knows-best attitudes would not be conducive to the future success of "one country, two systems".

To the people of Hong Kong, I plead that we should as quickly as possible shed the yoke of doubts and worries. I know it is difficult. But we must try. Whilst no one can know for sure how bad or how well we will fare in the future, we must not be deterred from working hard for our own future.

No words of comfort, or promises from China or the United Kingdom can replace the need for our community to work hard with a common purpose to build for a future. We should refrain from being drawn into activities that do not bear fruit on our economic survival. Open and persistent challenge to the central government political leadership or legitimacy is not in the interest of the people of Hong Kong. We should not assume, as some of us have done, that upon the change of sovereignty, all the freedoms that we now enjoy will be gone. Whatever differences there may be between Hong Kong and the Central Government, they must be resolved through business-like negotiations and not through indiscriminate constant deployment of pressure-group tactics. Whoever in power in the Central Government in 1997 surely will recognize Hong Kong's value to the whole nation and that as long as we do not pose a threat or are not perceived to be posing a threat to the political leadership of China, our chances of survival and preserving what we cherish will be that much greater.

In respect of the United Kingdom, our current sovereign state, I plead that her political leaders should bring themselves to step out of the constraints of their

perceived political expediency. It is in United Kingdom's future interest to discharge her responsibilities to Hong Kong honourably without having to leave too much of a bad taste in the mouth of a significant economic kingpin of the Pacific Rim. Forecast of the world economy in the 21st century points to the Pacific Rim as being the economic locomotive of the world. The United Kingdom's future economic interest surely would be best served by her energetic participation through Hong Kong. To that extent, the United Kingdom must understand, consider and implement measures designed to underpin the stability of Hong Kong. After all, the United Kingdom is bound under Article 4 of the Joint Declaration to provide administrative stability and prosperity to Hong Kong. Therefore, in my view, the United Kingdom providing satisfactory solutions to both the nationality and the Vietnamese boat people issues would certainly be the welcoming first steps.

Sir, before I bore Members further on Hong Kong's future, allow me to sound a note of caution over some suggestions that the pace of democratization in Hong Kong be pushed through regardless. Whilst I fully appreciate and understand the sentiments behind such suggestions, I cannot bring myself to be convinced that such a course of action will be of interest to those people in Hong Kong who will live in Hong Kong in 1997. Government must not forget that of the 5.7 million people here in Hong Kong today, probably over 80% of them will not be able to leave. Life for them then probably will be complicated enough. We must not unwittingly create more complications to their future chances of stability and prosperity.

Sir, as chairman of the Hong Kong Polytechnic, the Vocational Training Council, the Industrial Estate Corporation, council member of the Hong Kong University of Science and Technology, and member of the Industrial Development Board, it would be remiss of me not to offer some observations on education, training and future industrial development.

First on education, Sir, you have rightly pointed out that the future of Hong Kong rests with its people, particularly our young people, on whom the Government will concentrate much of its efforts and its available resources in the years to come. Accordingly, you have proposed to more than double the number of first-year, first-degree places from about 7 000 next year to 15 000 in 1995. This ambitious step must be welcome but, in doing so, I think we must set our education target right to make sure that our society, particularly our economy, will benefit.

Ordinary parents want to see their children do well and move on to some kind of

post-secondary education. Most parents do not appear to be particular about what sort of post-secondary education their children would receive. But Hong Kong's situation is no longer what you might call "ordinary". The brain drain is affecting every sector, every level; the sort of post-secondary education we need should no longer be dictated just by parental or student choice. We need to produce young people who are suitable for economic needs. We cannot go on endlessly churning out graduates who have difficulty in fitting into our own economy.

Sir, in the years ahead, there is every prospect of losing the technical skills of which we have every reason to be proud. Countries like Singapore hope to catch such skills from our 1997 fall-out and are offering attractive emigration terms. As 1997 comes closer, it is likely that such offers will look increasingly more attractive. These skills will be much harder to replace than capital outflows. So we need seriously to reconsider the inputs into our post-secondary curricula and the sort of graduates we need. It is not just a matter of investing more money in education or increasing the number of tertiary places for the young. It is more important to consider what our economy needs and how our post-secondary institutions can and should meet those needs.

This calls for a closer dialogue between the Administration, the business and industrial sectors and the academia. It is perhaps high time for a review to rationalize the various levels of our post-secondary education to cross-match the requirements of the different sectors of our economy.

Secondly, Sir, you have touched upon the need to improve the quality of our education in your address and outlined a series of measures to do so. There is no denying that we are now entering a new era, an era in which the ever-growing influence of the Mainland must be taken into consideration. We can prepare for our future; we may be able, to some extent, to chart our future course; but the transfer of sovereignty has been decided and that is irrevocable. We must now consider how to instill in future generations the knowledge, values and skills for a life in a territory within the nation, China. It is something not many have given much thought to, if at all.

I believe that some thinking about this is now imperative, if only to ensure that the next generation of young people will make a success of the "one country, two systems" policy. Sir, an education policy, once initiated, takes considerably more than 10 years to bear fruit. With 1997 only a little more than seven years away,

we have little time left to revamp our education policies and system. And I am not suggesting that we should revamp them either. May I suggest, therefore, that in addition to spending the huge amounts of money on expansion of school and university places, some funds at least be set aside for this purpose of mapping out a new philosophy, a new curriculum, a new orientation of our education system.

Thirdly, the expanded education programme outlined in your policy speech suggests that the area of greatest expansion will be at the university level. This alone is not going to meet the demands of our economy. What we need is a carefully mapped out reorientation programme in order to give retraining of skills a higher priority.

Sir, your proposal to set up a training fund with private sector contribution to encourage employers to give managers the opportunity to learn about new technologies is long overdue. It is an important step to prepare our human resources to meet new challenges to our industries and business. I am waiting in earnest to hear the proposals in greater detail. I think the scheme must be flexible and its terms attractive so that employers will make good use of it.

Finally, Sir, I am particularly heartened to hear your plan to establish a new Hong Kong Technology Centre. I would urge the scheme be given top priority so that Hong Kong can be seen to be moving in the direction in developing new technology.

In striving to maintain Hong Kong's future economic growth and upgrade our industrial technology, the Government must be prepared to invest in research and development. We have not been deploying the talents of our scientists as much as we should or could. This Council continuously vote large sums of money for government departments to be spent on various consultancy studies. Surely some of these projects or the related research could be undertaken by our academia. This is particularly true in relation to our efforts to combat our environmental pollution problems; and to determine how best to handle the massive scale of infrastructural development projects to be undertaken. The climate is now ripe for academics and the Government to work closer together in order to find out the most cost-effective method of implementing all the worthwhile programmes.

One identifiable obstacle against these developments seems to lie with our financial procedural rules. Controlling officers are given very little room to manoeuvre on recurrent expenditure requirements. On the other hand, fees paid to consultants are included in the capital budgets so that controlling officers can

include them readily onto their budgets more easily. I plead that the Finance Branch, and the Financial Secretary in particular, I am sorry he is not here, should undertake to review this aspect and to adopt some more flexible measures so as to accommodate worthwhile research-related projects between Government and the academics.

Sir, I bring this point out because our future depends on the quality of our tertiary education and that depends on getting the right professors to impart the most up-to-date knowledge to our students. To achieve that we must be prepared to enable the professors to continue to progress through research and development. Sir, Hong Kong has never addressed the subject of research and development seriously and it is high time we did. Lest the Financial Secretary should frown on the possible cost involved, (his eyes must be twitching), let me assure him that I am not in favour of going after some abstract subjects for the sake of gaining knowledge. We must put research in its proper perspective. But doing that should not shut our minds from it altogether.

Sir, we must recognize that Hong Kong is very much behind Korea, Taiwan and Singapore in this field and if we are to maintain our place in the fast moving economic world, we need to start the process of, not catching up, but the process of not being left too far behind.

Sir, the years ahead will be difficult. There are ample justification for unusual measures to be taken. I earnestly urge the Government to consider these suggestions in order to meet those demands that will have a bearing on our future.

Sir, I have much pleasure in supporting this motion.

MR. POON CHI-FAI (in Cantonese): Sir, you made it clear in your policy address that, regardless of the actual number of residents leaving, the great majority of Hong Kong people will remain in the territory after 1997. You also mentioned Her Majesty's Government's stand that it is impossible to give the right of abode in Britain to all British passport holders in Hong Kong.

Sir, I agree with your point about Hong Kong people being reluctant to start up all over again in a foreign country at the cost of their career and affluence. The great majority of Hong Kong people would like to stay in this homogeneous community where they have lived for so many years, and contribute towards its stability and

prosperity. Indeed, they would be very sad to see Hong Kong, whose success they have benefited from, fail with their departure.

Granted that Hong Kong is our home, and that the great majority are extremely reluctant, and unable, to leave, we should make it our first priority to improve the living environment of Hong Kong, upgrade our infrastructure, step up manpower training, consolidate our economic development, and rebuild people's confidence in order that those who decide to remain will have a better quality of life and sense of security, as a result of our continued prosperity and stability.

Sir, it is perfectly understandable and reasonable for Hong Kong people to fight for their lawful right of abode in Britain, so that they can remain in Hong Kong without fear of the political future. However, given the systematic tightening of the immigration laws on the part of the British Government, the implications of the British Foreign Affairs Committee report, and the statements of both the British Government and Members of the British Parliament, we have the feeling that it would be utterly futile to fight for the right of abode in Britain for all British passport holders in Hong Kong. We should no longer waste our greatest efforts indefinitely on this hopeless business of fighting, or begging for our right of abode in Britain, which would only add to our suffering and restlessness. Sir, the British Government understands very well its legal and moral obligation with regard to our campaign for the right of abode. The Hong Kong Government has, on a number of occasions, invited quite a number of British MPs to come over and acquaint themselves with the sentiment of Hong Kong people, but so far I have failed to see any positive sign of Britain relaxing her vigilance against any potential mass exodus of Hong Kong immigrants. Sir, it would serve no purpose, other than waste taxpayers' money, for us to continue to sponsor all expenses for visits by members of the British press, and British MPs to study the right of abode issue in Hong Kong.

Sir, while I agree entirely that Hong Kong people should not be prohibited from seeking lawful means to emigrate, I find it rather objectionable that we, either consciously or unconsciously, actually encourage people to emigrate. Indeed, Hong Kong suffers a great loss as people with talent and expertise leave en masse. The massive media coverage about a couple of months ago given to the campaign for right of abode and the mass emigration that was going on has done nothing to repair public confidence, except aggravate the sense of insecurity, hopelessness and panic. This is a blow to the already weak public confidence, which now requires much longer time to shore up, and gives the stimulus to many people already contemplating emigration.

Meanwhile, caught in the midst of the emigration craze, some people rashly apply to emigrate to places which are more backward and economically inferior to Hong Kong, without giving enough thought to the various problems involved in adapting to, and making a living in, a completely alien country. Rashly motivated emigration such as this is harmful not only to Hong Kong as a whole, but also to the individuals involved. It is in circumstances such as these that we have to seriously review the misconceived priority of devoting all our energies to fighting for the right of abode in Britain, and realistically think about going all the way to develop Hong Kong, and restore the confidence of Hong Kong people, making Hong Kong an even better place to live and prosper in.

Sir, it is not easy to restore the confidence of Hong Kong people. The massive development plan and the increased budgetary provision for expanding tertiary education and stepping up manpower training detailed in your policy address which will take us beyond 1997 is only one small step in the direction of restoring public confidence; at this critical moment, the co-operation of China and Britain is required for us to have any chance at all of rebuilding confidence. It is up to China and Britain to discard preconceived ideas and accommodate to each other's need, if Hong Kong is to have a good political future. Indeed, there have been reassurances of continued prosperity and stability for Hong Kong, both in the Sino-British Joint Declaration and statements by high level officials of China and Britain. China's Politburo Standing Member LI Ruihuan stated recently, "The continued prosperity and stability of Hong Kong is in line with China's need and the interests of the Chinese people." LU Ping of the Hong Kong and Macau Affairs Office made a similar statement on his visit to Macau in September that Hong Kong is a treasured territory, and that it is a very valuable place which must be allowed to continue to prosper. It is entirely upon China to do what is good for Hong Kong in order that she be able to take over a Hong Kong which is intact, and which will continue to contribute (economically, in particular) to the country, and that Hong Kong will continue to develop into an influential entity in the world economy. The "one country, two system" scenario being such an epochal concept, the success or failure of Hong Kong after 1997 will have a decisive bearing on the international image and the reunification process of China. Insofar as Britain is concerned, she has both the legal and moral obligations as the sovereign state of Hong Kong for the past hundred years and more to maintain the stability and prosperity of Hong Kong up to 1997 and make sure that a smooth transition will take place. Failure to do so will not only hurt her international image, but also leave a shameful record in the history of Hong Kong. Granted that both China and Britain have the common goal and duty of

maintaining our stability and prosperity, and that good Sino-British relationship is a cornerstone of our prosperity, it is really up to China and Britain to take a wider perspective, maintain good working relationship, and ensure that Hong Kong will remain prosperous and stable. The recent war of words and belligerent attitudes of the two parties concerned run counter to what they should be obligated to be doing. This has caused jitters and frustration among Hong Kong people, apart from seriously undermining their confidence to stay as well as the prosperity and stability of Hong Kong. Sir, I recall that Mr. Francis MAUDE of the British Foreign and Commonwealth Office has repeatedly asked Hong Kong people how they would react to, and whether they would lend their support in, the hypothetical situation of the British or Hong Kong Government doing something which is not acceptable to the Chinese Government. Sir, I have always worried that this is a reflection of Sino-British confrontation, or a forewarning that Britain is going to take the initiative to take a hard line against China, and I can only hope that this is not the case. The reality is that confrontation, verbal abuse, and each party going to the extreme, is not going to solve any problem. It would only add to the misery of Hong Kong people caught in the crossfire. Strong demands may not bring hope for Hong Kong, or secure for us a better and brighter future. On the contrary, all this will only underline the preconceived ideas of both sides, and spell disaster for Hong Kong. Will the hypothetical question mentioned above be used as an excuse for holding Hong Kong people responsible for whatever problems might arise from the Sino-British confrontation?

Sir, for the sake of our overall interests, and in order that Hong Kong will continue to enjoy prosperity and stability, China and Britain should immediately put an end to their war of words, and work towards repairing public confidence and building a better Hong Kong, in the spirit of relaxation and mutual accommodation, if they care for Hong Kong at all.

Sir, in the adjournment debate on the British Foreign Affairs Committee report on 5 July this year, I made the point that the destiny of Hong Kong was still very much in our own hands and that Hong Kong still offered all the right conditions for economic development. If we could harness public support, we would be able to achieve even greater economic success and a better tomorrow for all people who call Hong Kong their home city. We know by our experience that there is no way that China's reassurances and Britain's concern would automatically deliver the stability and prosperity, the high degree of autonomy and self-administration we want; it is only through phenomenal economic achievement that we can win the respect of China, that

we can perpetuate our stability and prosperity, and anticipate a high degree of autonomy and self-administration. Although my view was not shared by my learned colleague, Mr. Andrew WONG Wang-fat, who hinted that China just might kill the goose that laid the golden eggs, I still tend to think that our stability and prosperity are still largely a function of our economic achievement. If we could develop Hong Kong into such a city as no other Chinese city could replace and which would complement the inadequacies of China's modernization effort, then it would be unlikely for China to ignore the dire consequences of killing the goose that lays the golden eggs. Sir, if we should think in terms of the worst scenario, and regard China as a country which would not hesitate to kill Hong Kong off for the golden eggs, then we would be better off doing nothing at all, and all this talk about Basic Law, OMELCO consensus, a bicameral model, direct and indirect elections and so on would become quite meaningless, because there is no way Hong Kong could stand up to China. It is clear that Hong Kong could hardly survive in such circumstances. I therefore oppose any view which is too pessimistic or radical.

Sir, insofar as the Vietnamese boat people are concerned, I have already talked about the issue at great length, and in view of the adjournment debate scheduled for 29 November, I would only want to say briefly here that we should not deceive ourselves that the problem will go away by enforcing voluntary and mandatory repatriation. The most effective way to deal with the problem is to simultaneously scrap the port of first asylum policy and enforce mandatory repatriation. Sir, I acknowledge that it is not easy to scrap the port of first asylum policy, but it is also just as difficult to enforce mandatory repatriation. We have to be prepared for the scenario of suicidal resistance to mandatory repatriation, and boat people sinking their own vessels on being refused to land. But there have been not a few successful cases of thwarting the landing of boat people in other countries. Why we cannot succeed just the same? Hong Kong people will not be convinced that there is nothing we can do about the situation unless we actually give it a try. Sir, if we should keep on talking about our fear of boat people sinking their vessels, it would only encourage the Vietnamese boat people to take advantage of our weakness when they come to swarm us. Sir, you appealed for Hong Kong people to remain patient in your policy address, but, forgive my bluntness, how much longer do we have to wait? Has 10 years not been quite long enough? While you kept reminding us that Vietnamese are human beings just like ourselves, let me ask you whether the Chinese illegal immigrants, and the boat brides from China for that matter, are human beings just as well. Why should they be given a worse treatment, despite their intimate affinities with Hong Kong, than the Vietnamese refugees? Sir, while we always uphold the principle of democracy and

respecting public opinion, I fail to understand why in the handling of the Vietnamese boat people, the Government has failed to take heed of the majority view and scrap the policy of first port of asylum accordingly. Sir, far from inhumane, we are only too aware of our limitations which forbid us to accept Vietnamese boat people indefinitely. Indeed, we have no objection to working out a fair share of Vietnamese refugees each country should take in proportion to its land area and resources, and I think Hong Kong should take her fair share accordingly, but I cannot stand the burden of never-ending flow of boat people being super-imposed on us.

Sir, at this critical moment, it is very well-timed that you have proposed in your policy address the massive development plan for our infrastructure and the expansion of tertiary education to step up manpower training. This is not only a reflection of Government confidence in and commitment to Hong Kong's future, but also a big boost to public confidence as well. In this respect, it is worthy of our praise and support.

Sir, with these remarks, I support the motion.

CHIEF SECRETARY: Sir, I move that the debate on this motion be adjourned.

Question on adjournment proposed, put and agreed to.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT: I congratulate Members of this Council who have patiently sat through two long afternoons of debate and now in accordance with Standing Orders I adjourn the Council until 3.00 pm on Wednesday, 8 November 1989.

Adjourned accordingly at six minutes to Nine o'clock.

Note: The short titles of the Bills/motions listed in the Hansard have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.

